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OFFICE OF THE SECRETARY OF DEFENSE, WASHINGTON DC
U.S. DEFENSE PERSPECTIVES FISCAL YEAR 1978, (U)
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U.S. DEFENSE PERSPECTIVES

FISCAL YEAR 1978

DONALD RUMSFELD
SECRETARY OF DEFENSE



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INTRODUCTION

THE FUNDAMENTAL TASK OF THE FEDERAL GOVERNMENT IS TO PROTECT THE LIVES AND LIBERTIES OF THE AMERICAN PEOPLE ... IN A WORLD WHICH IS DIFFICULT, TENSE, AND DANGEROUS FOR THOSE WHO SEEK TO LIVE IN FREEDOM AND DIGNITY.

MILITARY STRENGTH IS AN ESSENTIAL ELEMENT OF NATIONAL SECURITY, GIVEN THE WORLD SITUATION. WHERE, FOR 20-25 YEARS AFTER WORLD WAR II, THE SUPERIORITY OF U.S. MILITARY STRENGTH WAS HARDLY QUESTIONED, THE EMERGENCE OF THE SOVIET UNION AS A "SUPERPOWER" PUTS U.S. NATIONAL SECURITY IN A DIFFERENT LIGHT.

THERE IS CONSENSUS THAT U.S. MILITARY CAPABILITY AND STRENGTH CAN BE DESCRIBED AS "SUFFICIENT" -- TODAY. THAT IS, WHEN COMPARED TO THE SOVIET UNION, WE HAVE PARITY IN SOME ASPECTS OF MILITARY POWER, MARKED SUPERIORITY IN SOME OTHERS, AND A DEGREE OF INFERIORITY IN STILL OTHERS.

HOWEVER, THE TRENDS OVER A 10-15 YEAR PERIOD HAD BEEN DECIDEDLY ADVERSE, QUANTITATIVELY AND QUALITATIVELY, AS WELL AS WITH RESPECT TO THE KEY MILITARY BALANCES, UNTIL ARRESTED BY REAL INCREASES IN THE DEFENSE BUDGET IN FY 1976 AND FY 1977. WHILE NO ONE CHART, STATISTIC OR TREND CAN PRESENT THE COMPLETE PICTURE, A SWEEPING LOOK AT LEVEL OF EFFORT, RESOURCE ALLOCATION, PROCUREMENT AND R&D EFFORTS, EQUIPMENT

PRODUCTION RATES, FORCE LEVEL TRENDS, AND SHIFTS IN RELATIVE CAPABILITY DOES MAKE IT CLEAR WHAT HAS TAKEN PLACE. AN UNCLASSIFIED COLLECTION OF GRAPHICS IS PRESENTED HERE, WITH EXPLANATORY NOTES AND APPROPRIATE CAVEATS.

ON THE BASIS OF THESE FACTS PRESENTED, ONE CAN MAKE A JUDGMENT WITH REGARD TO THE EFFORT REQUIRED TO PREVENT RECURRENCE OF TRENDS IN THE MILITARY BALANCE WHICH ARE ADVERSE TO U.S. NATIONAL SECURITY.

IT IS MY CONVICTION THAT THE AMERICAN PEOPLE ARE NOT WILLING TO ACCEPT A POLICY OF INFERIORITY.

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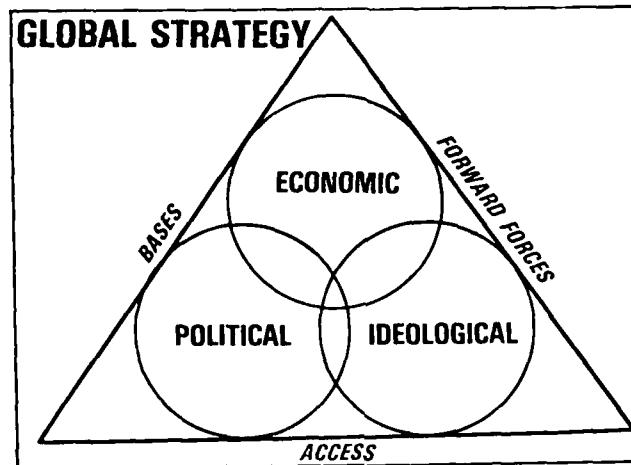
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GEO-POLITICAL CONSIDERATIONS

- ECONOMIC INTERESTS
- POLITICAL COMPETITION
- SUPPORT OF FREEDOM

– ALL REQUIRE GLOBAL MILITARY ASSETS AND ACCESS

– ALL REQUIRE A GLOBAL STRATEGY



GEO-POLITICAL CONSIDERATIONS

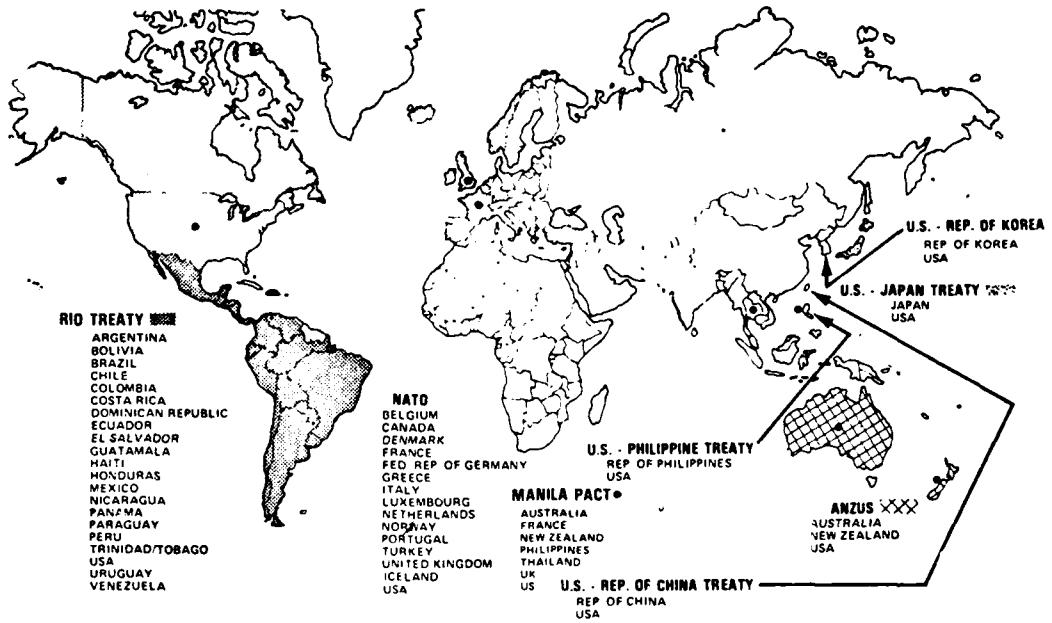
U.S. STRATEGIC INTERESTS ABROAD FALL INTO THREE GENERAL CATEGORIES: ECONOMIC, POLITICAL, AND IDEOLOGICAL. THERE MAY BE CONSIDERABLE OVERLAPS AMONG THESE CATEGORIES, DEPENDING ON THE AREA OF THE WORLD UNDER CONSIDERATION. OUR RELATIONS WITH OTHER NATIONS REFLECT AN INCREASINGLY COMPLEX COMBINATION OF THESE CONSIDERATIONS AS THE WORLD BECOMES MORE INTERDEPENDENT. A SENSIBLE FOREIGN POLICY INVOLVES ALL THESE FACTORS, CAREFULLY BALANCING THESE INTERESTS AND FORMING THE BASIS FOR ALLIANCES ABROAD AS WELL AS ASSISTANCE TO OTHER COUNTRIES.

o ECONOMIC INTERESTS -- The United States is not an economic island. We depend for our standard of living and economic security increasingly on raw materials imported from abroad, and some of these imports have strategic value as well.

o POLITICAL INTERESTS -- The vulnerability of our allies, particularly in Europe and Northeast Asia, underlines the complexity of contemporary U.S. interests and the degree to which they are interrelated. In a world where strategic nuclear parity has caused conventional power to rank in importance with nuclear power, we cannot go it alone.

o IDEOLOGICAL INTERESTS -- Political balances struck among nations in no way minimize our dedication to democratic values at home and support of those beliefs abroad. It is logical that we treat differently nations within the large group that does not practice freedom, distinguishing between those which are aggressive and do not respect the rights of others, and those which respect the self-determination of values.

• DEFENSE ALLIANCES & TREATIES WITH U.S.



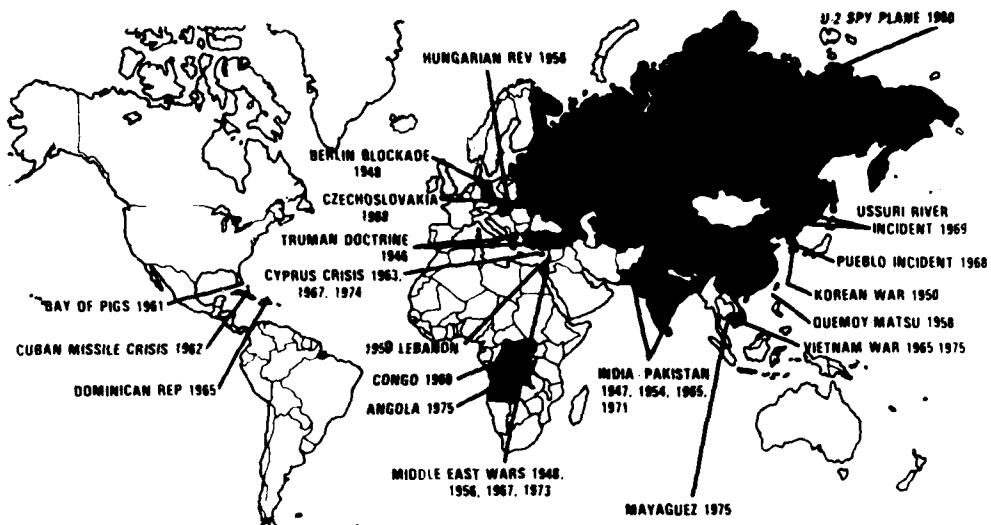
DEFENSE ALLIANCES AND TREATIES WITH U.S.

THIS CHART EMPHASIZES THE MUTUAL SECURITY ASPECTS OF OUR FOREIGN POLICY.

AS OUR ECONOMIC, POLITICAL AND STRATEGIC INTERESTS HAVE BECOME INCREASINGLY GLOBAL, AND AS A RESULT OF CONTINUING THREATS TO THOSE INTERESTS, THE UNITED STATES HAS ENTERED INTO ALLIANCES AND TREATY COMMITMENTS WITH 43 NATIONS. WHILE THESE TREATIES AND ALLIANCES ARE INDIVIDUALLY TAILORED, THEY NONTHELESS FORM THE BASIS OF THE SECURITY STRUCTURE WHICH HAS UNDERGIRDDED DETERRENCE AND THE COMMON DEFENSE SINCE WORLD WAR II.

WHILE THE NATURE OF THESE ARRANGEMENTS HAS REMAINED FAIRLY STABLE, THE RELATIONSHIPS BETWEEN THE UNITED STATES AND ITS ALLIES ARE CONTINUALLY EVOLVING. IT IS, THEREFORE, IMPORTANT TO RE-EXAMINE THESE ALLIANCES PERIODICALLY TO ENSURE THAT THEY REMAIN RELEVANT TO THE CHANGING NEEDS AND CIRCUMSTANCES OF BOTH THE UNITED STATES AND ITS PARTNERS.

WORLD TENSION SPOTS, 1945-1975

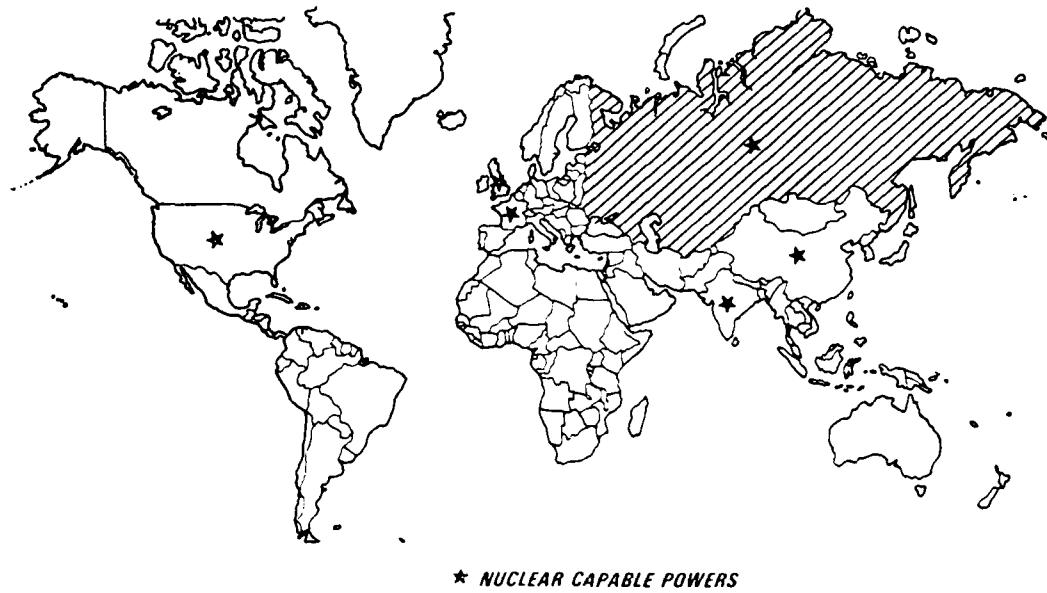


WORLD TENSION SPOTS - 1945-1975

AS THIS MAP INDICATES, THE WORLD SITUATION HAS BEEN REPLETE WITH TENSION AND CONFLICT SINCE WORLD WAR II. SOME OF THESE CRISES, SUCH AS THE CUBAN MISSILE CRISIS OR THE MAYAGUEZ INCIDENT, WERE OF FINITE DURATION. OTHERS, HOWEVER, ARE RECURRENT, WITH ALMOST CYCLICAL LEVELS OF TENSION.

BECAUSE PEACE IS STILL SUCH A TENUOUS THING, ONE OF THE PRIMARY OBJECTIVES OF U.S. FOREIGN POLICY IS TO PREVENT MINOR PROBLEMS AND TENSIONS FROM BECOMING MAJOR CRISES. IN A WORLD AS UNCERTAIN AND UNTIDY AS OURS REMAINS, IT IS ESSENTIAL FOR THE UNITED STATES TO CONTINUE TO PROTECT ITS PRINCIPLES AND INTERESTS AT HOME AND ABROAD. OUR STRENGTH AND THE ROUTINE DEPLOYMENT OF OUR FORCES OVERSEAS SERVE TO ENHANCE STABILITY IN THE WORLD.

GLOBAL MILITARY POWERS--US/USSR



★ NUCLEAR CAPABLE POWERS

WHERE THE POWER IS

TO PLACE U.S. NATIONAL DEFENSE REQUIREMENTS IN PERSPECTIVE IN TODAY'S WORLD, ONE FACT MUST BE EMPHASIZED ABOVE ALL OTHERS: THERE ARE BUT TWO GLOBAL POWERS -- THE UNITED STATES AND THE SOVIET UNION. THESE TWO NATIONS DO NOT SHARE MANY ECONOMIC INTERESTS. THEY DIFFER ON MOST POLITICAL ISSUES. THEY ARE FUNDAMENTALLY OPPOSED IN TERMS OF BASIC PRINCIPLES.

MOREOVER, BOTH ARE MILITARILY STRONG. WHILE THERE ARE OTHER NATIONS WITH SIGNIFICANT MILITARY STRENGTH -- AND FOUR OTHER NATIONS IN THE WORLD WITH PROVEN NUCLEAR WEAPONS CAPABILITIES -- THE SOVIET UNION AND THE U.S. DOMINATE CONSIDERATIONS OF GLOBAL POWER.

BOTH THE USSR AND THE U.S. HAVE SUFFICIENT AND DIVERSE INTERESTS IN THE WORLD, AND ENOUGH POWER, TO BECOME INVOLVED IN REGIONAL CONFLICTS, WHETHER IN THE MIDDLE EAST, EUROPE, ASIA, OR AFRICA. IT IS FOR THESE REASONS THAT OUR POSITION RELATIVE TO THE SOVIET UNION STANDS AT THE FOREFRONT OF OUR FOREIGN POLICY, OUR SECURITY ARRANGEMENTS, AND OUR MILITARY PLANNING AND POSTURE AROUND THE WORLD.

INDICATORS OF SOVIET MILITARY POWER

ALLOCATION OF RESOURCES

- DOLLAR ESTIMATES
- RUBLE ESTIMATES
- ECONOMIC BURDEN

WEIGHT OF INVESTMENT EFFORT

- PEOPLE
- FACILITIES
- PRODUCTION

ORDER OF BATTLE

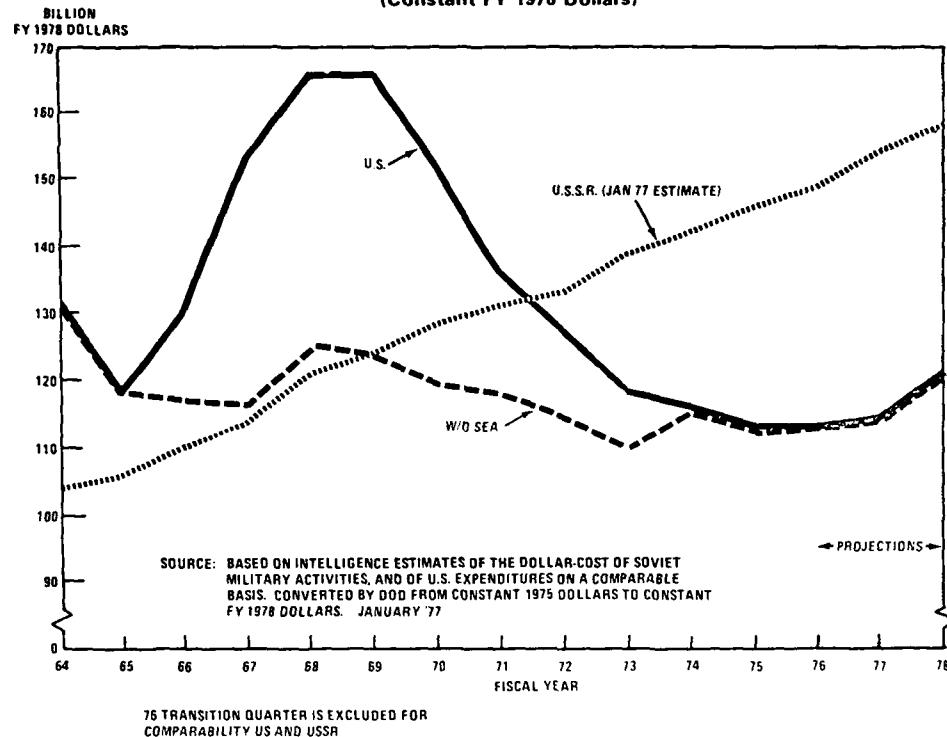
- FORCE LEVELS, MIX, DEPLOYMENTS, DOCTRINE
- UNIFORMED MANPOWER
- EQUIPMENT, TRAINING, READINESS, EFFECTIVENESS

INDICATORS OF SOVIET MILITARY POWER

THERE ARE A NUMBER OF ACCEPTED MEASURES OF MILITARY POWER. THESE MEASURES -- THE ALLOCATION OF NATIONAL RESOURCES TO THE MILITARY ESTABLISHMENT, THE WEIGHT OF INVESTMENT EFFORT IN MILITARY-INDUSTRIAL ACTIVITIES, AND THE CURRENT ORDER OF BATTLE OR MILITARY CAPABILITIES -- REVEAL A SUBSTANTIAL GROWTH IN THE SOVIET UNION'S MILITARY POWER OVER THE LAST 10-15 YEARS. CERTAINLY, THERE ARE ASPECTS OF MILITARY POWER WHERE THE SOVIET UNION HAS SHOWN LITTLE IMPROVEMENT, BUT THESE ARE THE RARE EXCEPTIONS.

WHEN THESE MEASURES ARE USED AS THE BASIS FOR A COMPARISON OF U.S. AND SOVIET MILITARY POWER, THE AGGREGATE PICTURE THEY FORM IS CLEAR. COMPARISONS USING THESE MEASURES ARE PRESENTED IN THE PAGES THAT FOLLOW.

U.S. AND SOVIET DEFENSE PROGRAM TRENDS
(U.S. Outlays and Estimated Dollar Costs of Soviet Programs)
 (Constant FY 1978 Dollars)



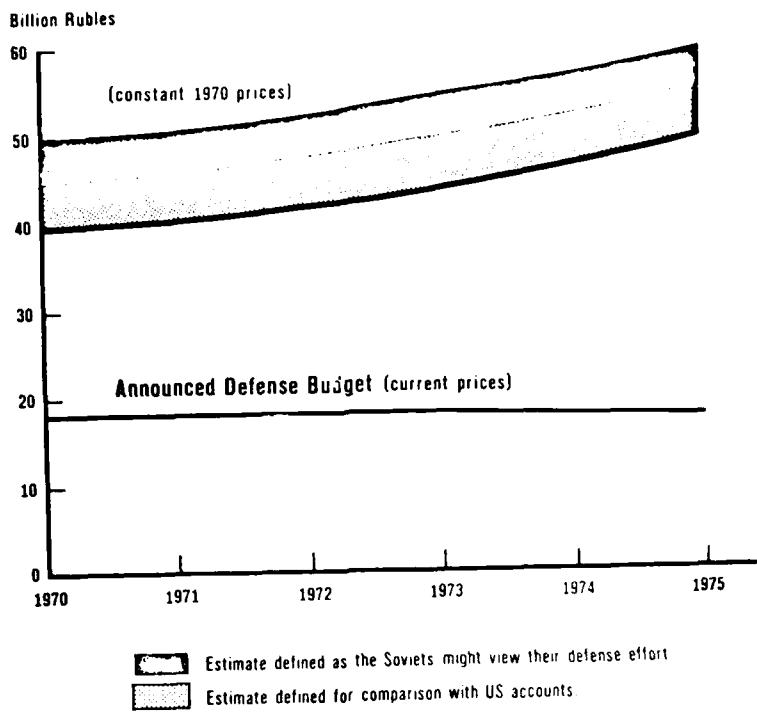
U.S. AND SOVIET DEFENSE PROGRAM TRENDS

WHILE REDUCTIONS IN REAL TERMS HAVE BEEN GOING ON IN THE U.S., THE SOVIET UNION HAS BEEN MOVING STEADILY IN AN UPWARD DIRECTION.

THE INTELLIGENCE COMMUNITY HAS WORKED AT THE TASK OF ESTIMATING THE MAGNITUDE OF SOVIET EFFORT, AND THERE REMAINS SOME DIFFERENCE AMONG ANALYSTS AS TO THE ABSOLUTE VALUE OF MILITARY EFFORTS IN THEIR CONTROLLED ECONOMY. HOWEVER, THE LATEST ESTIMATE, COMPLETED IN JANUARY 1977, SHOWS THAT THE CONSTANT 1978 DOLLAR VALUE OF THE RESOURCES ALLOCATED TO SOVIET NATIONAL DEFENSE APPEARS TO HAVE GROWN FROM 104 BILLION IN 1964 TO 149 BILLION IN 1976, AN AVERAGE ANNUAL INCREASE OF JUST OVER 3%.

THE CHART COMPARES ESTIMATED SOVIET PROGRAM COSTS WITH COMPARABLE COSTS OF U.S. DEFENSE PROGRAMS. IN 1975, THE U.S. DEFENSE BUDGET HAD DECREASED IN REAL TERMS (CORRECTED FOR INFLATION) BY ALMOST ONE-THIRD FROM THE 1968 WARTIME PEAK. TODAY, IN REAL TERMS (CORRECTED FOR INFLATION), IT IS 12% BELOW THE PREWAR, 1964 LEVEL.

Estimated Soviet Expenditures for Defense, 1970-1975



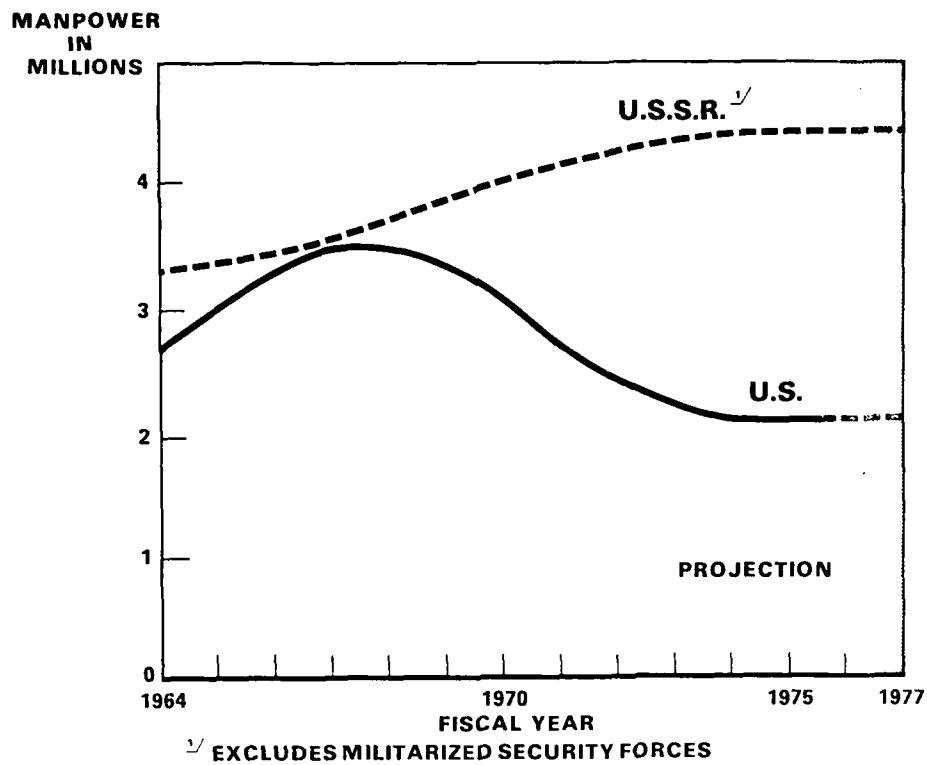
SOVIET EXPENDITURES FOR DEFENSE, 1970-75

THE PREVIOUS CHART DID NOT PRESENT DATA ON SOVIET DEFENSE EXPENDITURES. IT PRESENTED THE DOLLAR COSTS OF THE U.S. CREATING FORCES AND PROGRAMS SIMILAR TO THOSE OF THE SOVIET UNION. THE ABOVE CHART PORTRAYS A CIA ESTIMATE (MAY 1976) OF ACTUAL SOVIET EXPENDITURES IN CONSTANT RUBLES (CORRECTED FOR INFLATION) FOR FY 1970-75. THE CURVE DOES NOT GO BACK BEYOND 1970 BECAUSE A SOVIET PRICE REFORM IN THE LATE 1960s INTRODUCED MAJOR DISCONTINUITIES IN THE DATA BASE.

THE MOST RECENT CIA ESTIMATE STATES THAT SOVIET EXPENDITURES FOR DEFENSE HAVE INCREASED EVERY YEAR SINCE 1970, AS SHOWN ABOVE. THE RATE OF GROWTH IN RUBLE OUTLAYS AVERAGED 4-5% PER YEAR DURING THE ENTIRE 1970-75 PERIOD, WITH RELATIVELY HIGHER GROWTH RATES OCCURRING IN THE LATTER HALF OF THAT PERIOD. THUS, THERE APPEARS TO BE AN ACCELERATION IN THE GROWTH OF SOVIET DEFENSE OUTLAYS.

BASED ON THESE DATA, THIS CIA ESTIMATE DESCRIBES THE BURDEN OF DEFENSE SPENDING ON THE SOVIET ECONOMY AS BEING 11-13 PERCENT OF THEIR GROSS NATIONAL PRODUCT (GNP). IN CONTRAST, THE U.S. DEFENSE BUDGET REPRESENTS ABOUT 5% PERCENT OF U.S. GNP.

U.S./U.S.S.R. MILITARY MANPOWER

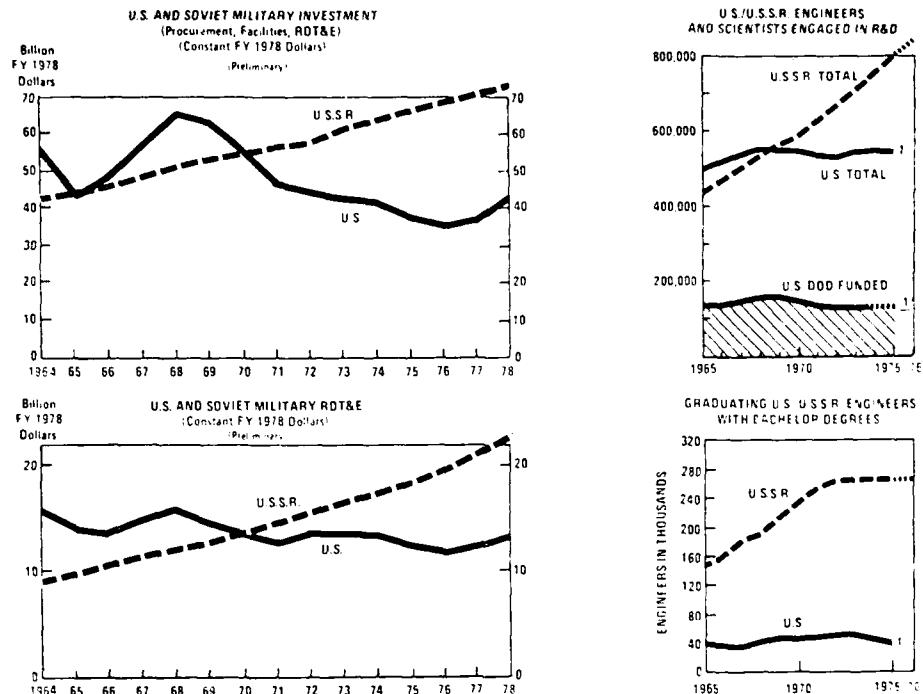


U.S./USSR MILITARY MANPOWER

THE SOVIETS HAVE INCREASED THE NUMBER OF MEN UNDER ARMS (NOT INCLUDING SOME 400,000 MILITARY SECURITY FORCES) FROM 3.4 TO 4.4 MILLION SINCE 1964.

DURING THE SAME PERIOD, U.S. UNIFORMED MILITARY STRENGTH INCREASED FROM A PREWAR 1964 LEVEL OF 2.7 MILLION TO A PEAK OF 3.5 MILLION DURING THE WAR IN SOUTHEAST ASIA, THEN DECLINED TO 2.1 MILLION TODAY. THERE ARE FEWER AMERICANS IN UNIFORM TODAY THAN AT ANY TIME SINCE THE FALL OF 1950.

COMPARATIVE U.S. AND SOVIET TECHNOLOGICAL INVESTMENT



1. Based on 1974 data. Data for 1975-78 not yet available.

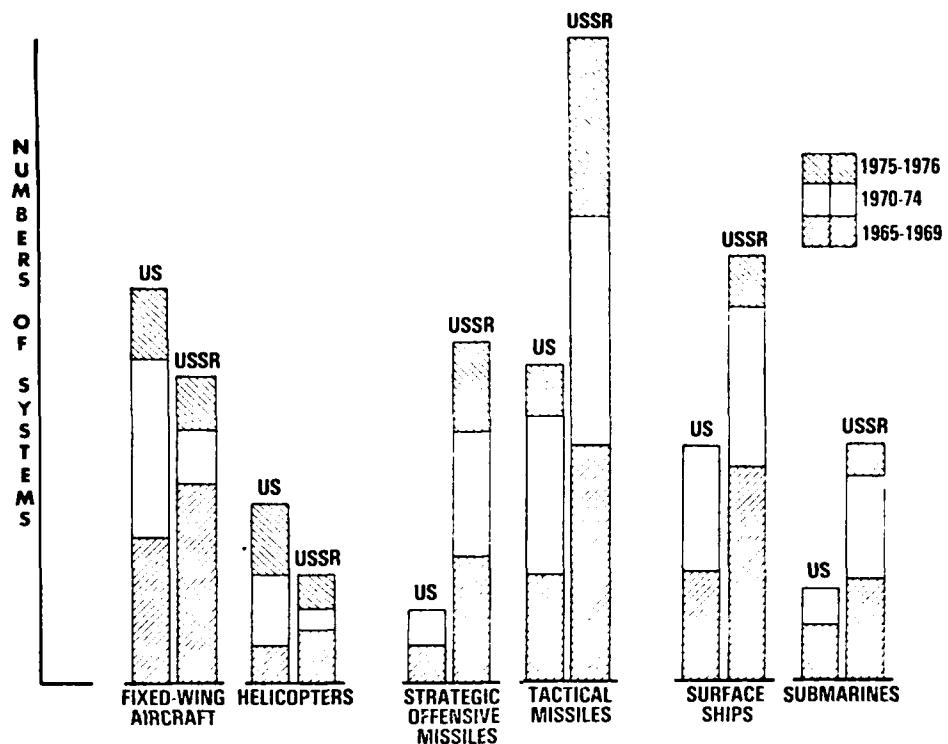
COMPARATIVE U.S. AND SOVIET TECHNOLOGICAL INVESTMENT

THE SOVIETS HAVE DEVELOPED AN INDUSTRIAL BASE WHICH HAS QUANTITATIVELY OUT-PRODUCED THE U.S. IN MOST CATEGORIES OF MILITARY HARDWARE. THEIR INVESTMENT IN A LARGE SCIENTIFIC BASE HAS LED TO THE DEVELOPMENT OF INCREASINGLY SOPHISTICATED SYSTEMS. THE WEIGHT OF EFFORT AND THE MOMENTUM WHICH THE SOVIET UNION HAS DEVELOPED IS CLEAR.

AS THE CHARTS ABOVE ON THE LEFT SHOW, OVER THE PAST 10-12 YEARS, SOVIET INVESTMENT, IN REAL TERMS, IN DEVELOPMENT AND PROCUREMENT OF NEW SYSTEMS AND PRODUCTION FACILITIES HAS CLEARLY EXCEEDED THAT OF THE U.S. THE CHART ON THE TOP LEFT DISPLAYS AGGREGATED DATA. MILITARY RESEARCH AND DEVELOPMENT IS SHOWN IN THE CHART ON THE LOWER LEFT.

THE CHARTS ON THE RIGHT REVEAL THE LONG TERM COMMITMENT THAT THE SOVIETS ARE MAKING TO A HIGH LEVEL OF TECHNOLOGICAL PROGRESS THROUGH THE TRAINING AND ASSIGNMENT OF A WORKFORCE THAT HAS HIGH TECHNICAL SKILLS.

**COMPARISON OF NUMBERS OF NEW SYSTEMS
DEVELOPED DURING 1965-1976 BY U.S. AND U.S.S.R.**

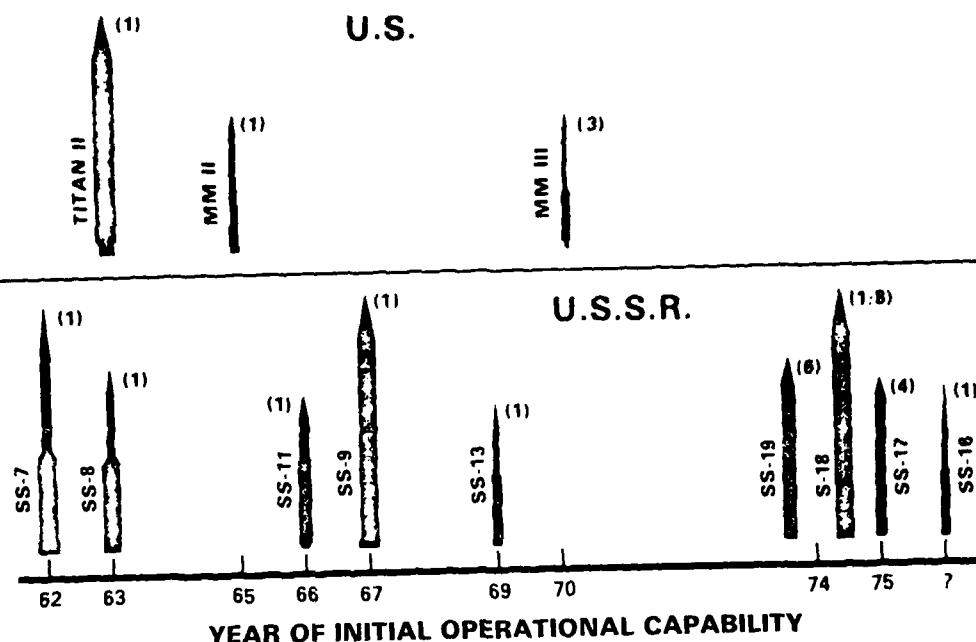


**COMPARISON OF NUMBERS OF NEW SYSTEMS DEVELOPED
DURING 1965-1976 BY U.S. AND U.S.S.R.**

THE CHART COMPARES THE NUMBER OF NEW AIRCRAFT, MISSILE SYSTEMS, AND SHIP DEVELOPMENTS OVER THE LAST ELEVEN YEARS. OWING TO THE UNCERTAINTIES CAUSED BY INTELLIGENCE LAGS, THE ESTIMATES OF NEWLY DEVELOPED SOVIET SYSTEMS MAY BE UNDERSTATED. AS TIME PASSES WE MAY DISCOVER ADDITIONAL SYSTEMS THAT WERE ACTUALLY DEVELOPED DURING 1965-1976.

DURING THE PERIOD INDICATED, THE SOVIETS DEVELOPED MORE NEW SYSTEMS IN FIVE OF THE SIX CATEGORIES, HELICOPTERS BEING THE EXCEPTION.

US AND SOVIET ICBM DEVELOPMENTS^{1/}



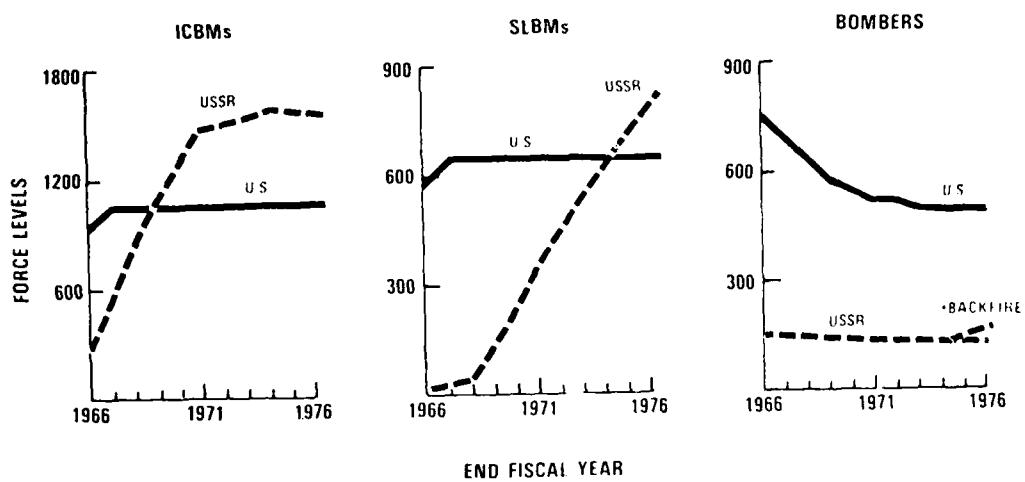
^{1/}The numbers in parentheses represent the number of independently targetable re-entry vehicles associated with each missile

U.S. AND SOVIET ICBM DEVELOPMENTS

THIS CHART ILLUSTRATES THE EMPHASIS THE SOVIET UNION HAS PLACED ON THE MODERNIZATION OF ITS ICBM FORCE DURING THE PAST 15 YEARS. WHILE THE U.S. HAS DEVELOPED ONLY ONE NEW SYSTEM SINCE 1965, THE MINUTEMAN III, THE SOVIET UNION HAS DEVELOPED SEVEN NEW ICBM'S IN THE SAME TIME PERIOD.

MORE IMPORTANT THAN THE NUMBERS OF NEW TYPES OF MISSILES IS THE FACT THAT THREE OF THE SOVIET'S NEWEST ICBM'S, THE SS-17, SS-18 AND SS-19, ARE LARGE-THROW-WEIGHT MIRVED ICBM'S THAT COULD, BY THE EARLY 1980'S, PROVIDE A COUNTERFORCE CAPABILITY FAR IN EXCESS OF THAT POSSESSED BY OUR CURRENT MINUTEMAN FORCE.

CHANGES IN U.S./U.S.S.R. STRATEGIC FORCE LEVELS



CHANGES IN STRATEGIC NUCLEAR FORCES - U.S./U.S.S.R.

THE SOVIETS HAVE INCREASED THEIR ICBM'S FROM APPROXIMATELY 225 IN 1965 TO ABOUT 1,550 TODAY, HAVING OVERTAKEN THE U.S. IN THE LATE 1960'S.

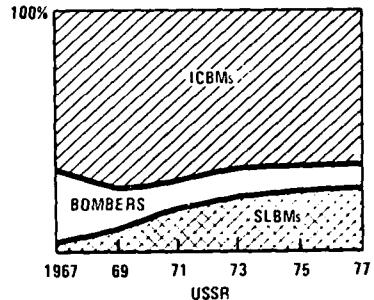
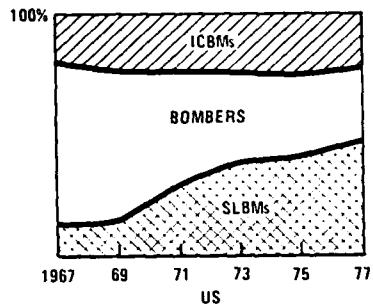
THE NUMBER OF SOVIET SUBMARINE-LAUNCHED BALLISTIC MISSILES HAS GROWN FROM 29 TO MORE THAN 800, WHILE THE U.S. LEVELED OFF AT 650 IN THE LATE 1960'S.

IN BOMBER FORCES, THE U.S. MAINTAINS A LEAD.

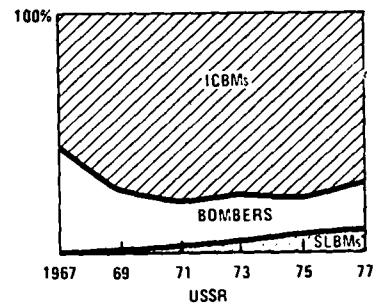
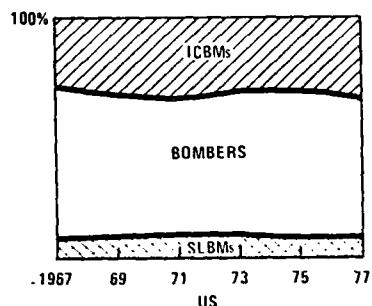
THESE COMPARISONS DO NOT ADDRESS THE EVOLVING QUALITATIVE DIFFERENCES IN THE TWO FORCES.

US/USSR STRATEGIC NUCLEAR FORCE MIX

WARHEADS



MEGATONS

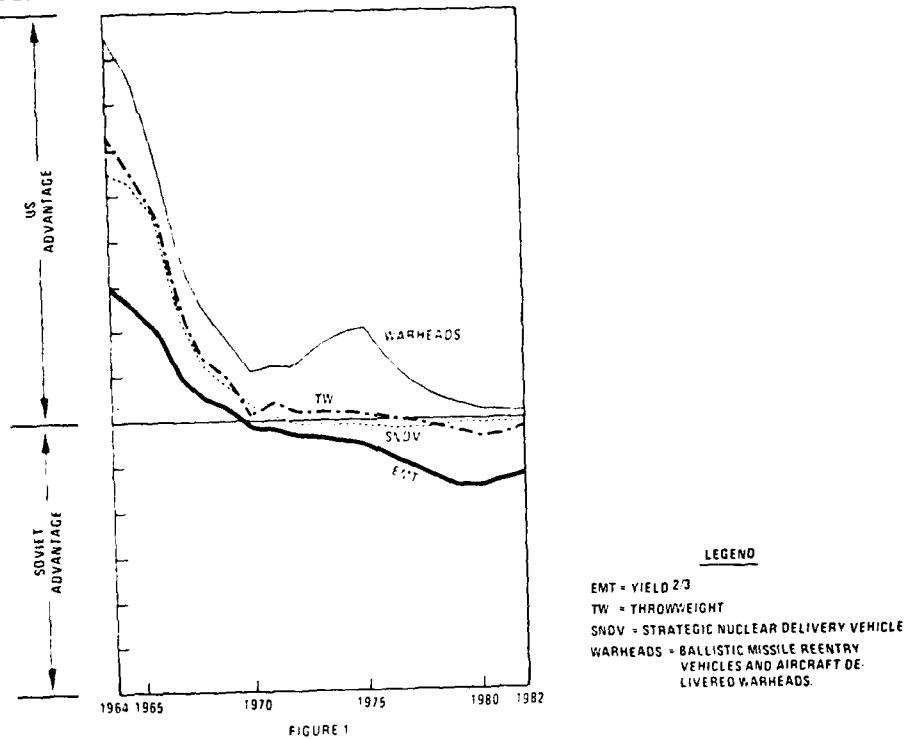


U.S./U.S.S.R. STRATEGIC NUCLEAR FORCE MIX

THE STRATEGIC NUCLEAR FORCES OF THE U.S. AND U.S.S.R., WHILE ROUGHLY EQUIVALENT, ARE ASYMMETRICAL. THE MAJOR ASYMMETRIES BETWEEN THE TWO FORCES ARE SHOWN BY COMPARING THE DISTRIBUTION OF WARHEADS AND MEGATONNAGE AMONG DELIVERY SYSTEMS.

THE U.S. RELIES MUCH MORE HEAVILY ON ITS BOMBER FORCE THAN DOES THE U.S.S.R., THE SOVIETS HAVING PUT MOST OF THEIR EMPHASIS ON THE DEVELOPMENT AND DEPLOYMENT OF ICBMs. BOTH COUNTRIES REDUCED THEIR INITIAL RELIANCE ON BOMBERS BY THE INTRODUCTION OF ICBMs AND, SUBSEQUENTLY, STRENGTHENED THEIR OVERALL DETERRENT BY THE INTRODUCTION OF SLBMs.

US/USSR STRATEGIC FORCES ADVANTAGE

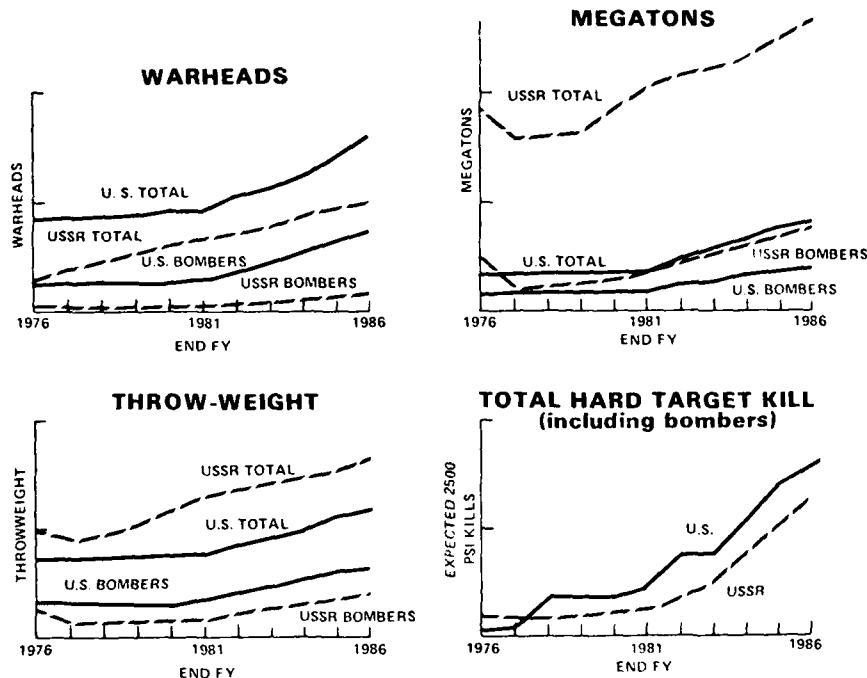


U.S./U.S.S.R. STRATEGIC FORCES ADVANTAGE/DISADVANTAGE

THIS CHART -- WHICH INCLUDES STRATEGIC BOMBER FORCES, ICBM'S AND SLBM'S -- SHOWS THAT THE ADVANTAGE SHIFTED MARKEDLY AWAY FROM THE U.S. TOWARD AN EQUILIBRIUM IN THE EARLY 1970S. ABOVE THE HORIZONTAL LINE WHICH DIVIDES THE CHART, THE ADVANTAGE RESIDES WITH THE U.S., BELOW THE LINE, IT FALLS TO THE U.S.S.R.

TAKING CURRENT SOVIET AND U.S. DEVELOPMENTS INTO CONSIDERATION, WE EXPECT A CONTINUED SOVIET ADVANTAGE IN STRATEGIC NUCLEAR DELIVERY VEHICLES (SNDV), THROWWEIGHT (TW), AND EQUIVALENT MEGATONS (EMT), ALTHOUGH THE U.S. SHOULD RETAIN A LEAD IN NUMBERS OF WARHEADS.

MEASURES OF THE STRATEGIC BALANCE —ON-LINE FORCES—

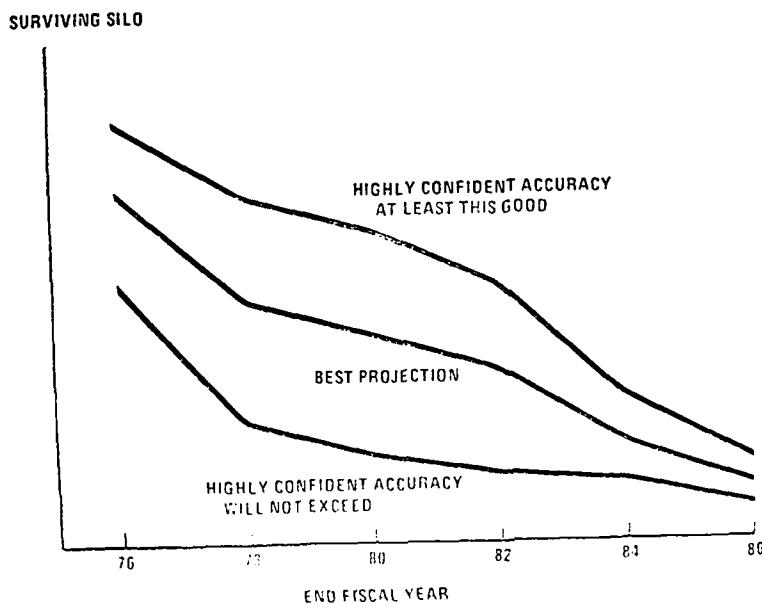


U.S./U.S.S.R. PROJECTED NUCLEAR INVENTORIES

FROM THE STANDPOINT OF THE INDIVIDUAL ELEMENTS OF THE TOTAL STRATEGIC NUCLEAR INVENTORY, INCLUDING MISSILES (SLBMs AND ICBMs) AND BOMBERS, PROJECTED TRENDS INDICATE A U.S. LEAD IN NUMBERS OF WARHEADS, BUT THE U.S.S.R. WOULD MAINTAIN AN ADVANTAGE IN MEGATONS AND THROWWEIGHT. CALCULATIONS OF HARD TARGET KILL CAPABILITY SHOW THAT WE EXPECT THE U.S. TO ENJOY AN ADVANTAGE IN THE FUTURE.

THE ILLUSTRATIONS ARE BASED ON FORCE STRUCTURES WHICH ASSUME ADHERENCE TO THE LIMITATIONS OF 2,400 STRATEGIC NUCLEAR DELIVERY VEHICLES (SNDV) AND 1,320 MULTIPLE INDEPENDENTLY TARGETED REENTRY VEHICLES (MIRV) AS DISCUSSED IN VLADIVOSTOK.

US SILO SURVIVABILITY SENSITIVITY TO SOVIET ACCURACY



THREAT TO U.S. ICBM SILOS

U.S. ICBM SILO SURVIVABILITY IS HIGHLY SENSITIVE TO OUR UNCERTAINTY ABOUT THE ACCURACY OF THE NEW GENERATIONS OF SOVIET ICBMs.

IF SOVIET ACCURACY IS AS GOOD AS WE BELIEVE POSSIBLE, THEN A VERY LARGE SOVIET ATTACK ON U.S. ICBM SILOS COULD DESTROY MANY OF THEM AS EARLY AS THE END OF FY 1978. IF SOVIET MISSILES ARE LESS ACCURATE, THEN U.S. ICBM SILOS WILL BE CONSIDERABLY LESS VULNERABLE IN THE NEAR TERM. HOWEVER, IT IS REASONABLY CERTAIN THAT BY THE MID-1980's ONLY A FRACTION OF THE U.S. SILOS WOULD SURVIVE.

IT SHOULD BE NOTED THAT THIS CHART IS BASED ON THE PESSIMISTIC ASSUMPTION OF A PERFECTLY COORDINATED AND VERY LARGE SOVIET ATTACK.

STRATEGIC FORCES BALANCE

<u>U.S. LEADS</u>		<u>USSR LEADS</u>
• LONG RANGE BOMBERS	OFFENSIVE FORCES	• ICBM LAUNCHERS
• MIRVed LAUNCHERS		• SLBM LAUNCHERS
• DELIVERABLE WARHEADS	OFFENSIVE FORCE CAPABILITIES	• THROWWEIGHT
• HARD TARGET DESTRUCTION POTENTIAL (DUE MAINLY TO BOMBERS AND MISSILE ACCURACY)		• MEGATONNAGE
• LOOK-DOWN/SHOOT-DOWN INTERCEPTORS	DEFENSIVE FORCES	• LAND MOBILE ICBMs
• AWACS DEVELOPMENT	DEFENSIVE FORCE CAPABILITIES	• SAMS
		• AIR DEFENSE INTERCEPTORS
		• OVER THE HORIZON RADARS
		• CIVIL DEFENSE

THE STRATEGIC BALANCE

ASYMMETRIES THAT INFLUENCE AN ASSESSMENT OF THE STRATEGIC BALANCE TODAY ARE SHOWN ABOVE. THEY INCLUDE THE FOLLOWING:

-- U.S. ADVANTAGES:

- A SUPERIOR BOMBER FORCE.
- MORE MULTIPLE INDEPENDENTLY-TARGETABLE REENTRY VEHICLE (MIRV) LAUNCHERS AND DELIVERABLE WARHEADS.
- SUPERIOR BALLISTIC MISSILE GUIDANCE SYSTEMS.

-- SOVIET UNION ADVANTAGES:

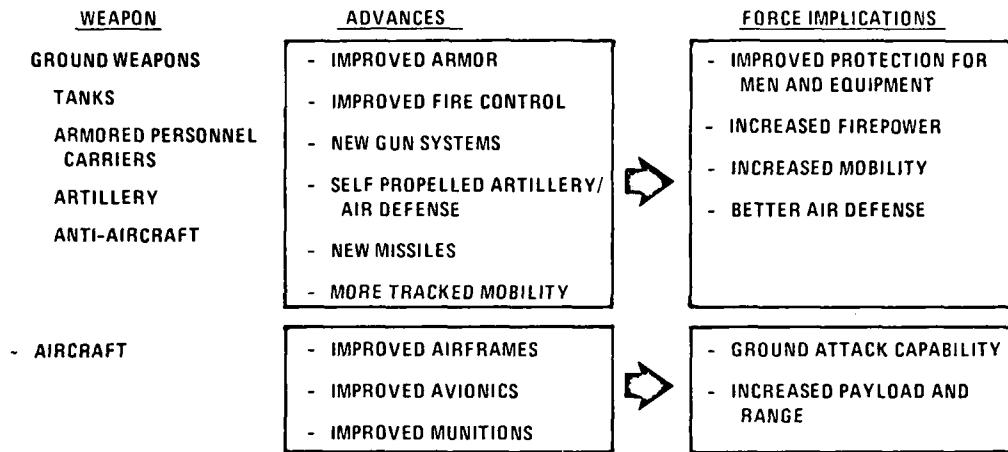
- LARGER NUMBERS OF BALLISTIC MISSILES WITH SIGNIFICANTLY GREATER DESTRUCTION POTENTIAL (THROW-WEIGHT AND MEGATONNAGE).
- MORE AIR DEFENSE RADARS, SURFACE-TO-AIR MISSILES AND AIR DEFENSE INTERCEPTORS.

WHEN ALL FACTORS ARE CONSIDERED, ONE MUST CONCLUDE THAT NEAR-PARITY IN STRATEGIC NUCLEAR FORCES EXISTS TODAY BETWEEN THE U.S. AND SOVIET UNION.

HOWEVER, THE GROWING NUMBERS AND TECHNOLOGICAL SOPHISTICATION OF SOVIET STRATEGIC FORCES SUGGEST THAT, UNLESS COUNTERED, THE STRATEGIC BALANCE THAT EXISTS TODAY COULD SHIFT IN FAVOR OF THE SOVIET UNION IN THE PERIOD AHEAD.

SOVIET CONVENTIONAL WEAPON ADVANCES

1967 - 1977



ADVANCES IN SOVIET CONVENTIONAL WEAPONS

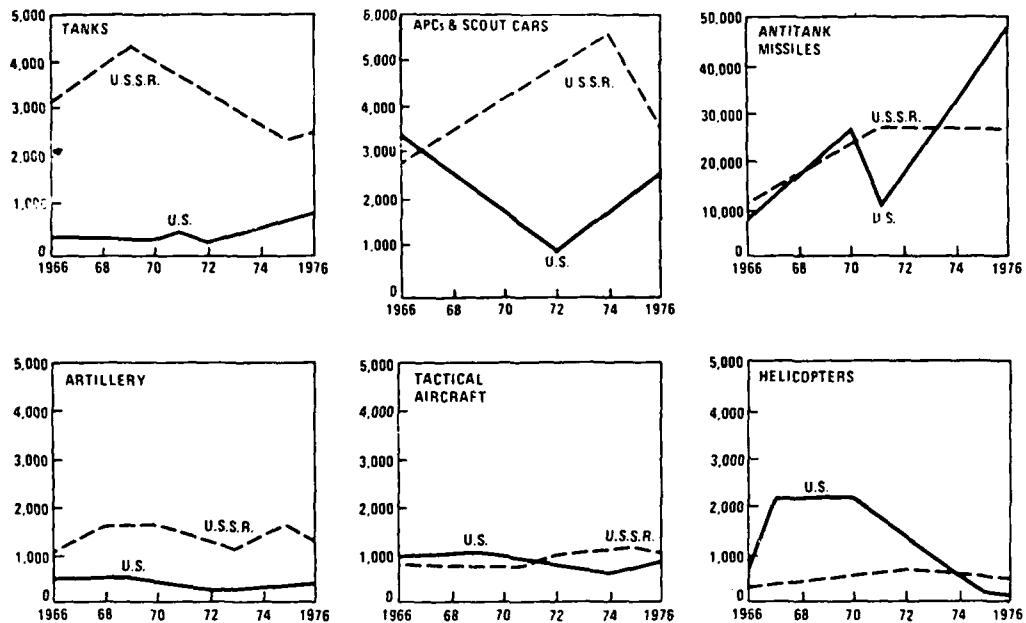
FOR SOME TIME, THE SOVIETS HAVE STRESSED AN OFFENSIVE DOCTRINE EMPHASIZING FAST-MOVING BLITZKRIEG-TYPE WARFARE. IN THE PAST DECADE THEY HAVE MADE PROGRESS TOWARD BUILDING A FORCE WHICH COULD IMPLEMENT THIS DOCTRINE. SINCE THE MID-1960s THEY HAVE INTRODUCED FOUR TYPES OF AIRCRAFT (IN EIGHT NEW MODELS) TO SUPPORT CONVENTIONAL COMBAT AND PROVIDED THEIR GROUND FORCES WITH A NEW GENERATION OF WEAPONS IN MOST MAJOR CATEGORIES.

THESE WEAPONS, IN MOST CASES, HAVE SOPHISTICATED NEW DESIGNS. FOR EXAMPLE, SOVIET DIVISIONS HAVE BEEN EQUIPPED WITH AS MANY AS FIVE DIFFERENT SURFACE-TO-AIR GUN AND MISSILE SYSTEMS, DESIGNED WITH CAPABILITIES THAT OVERLAP. THESE SYSTEMS USE DIFFERENT METHODS TO ACQUIRE, TRADE AND ENGAGE THEIR AIRCRAFT TARGETS. IMPROVEMENTS IN GROUND-BASED AIR DEFENSE HAVE FREED MUCH OF THE SOVIETS' TACTICAL AVIATION TO SUPPORT GROUND OPERATIONS.

MODERN SOVIET ARMORED PERSONNEL CARRIERS ARE CONFIGURED TO ALLOW TROOPS TO FIGHT FROM WITHIN THE VEHICLE. THEY MOUNT ANTI-TANK WEAPONS WHICH CAN BE FIRED FROM WITHIN THE ARMOR PROTECTION OF THE VEHICLES. THE NEW SOVIET MEDIUM TANK, WHICH IS COMPARABLE TO THE MOST MODERN NATO TANKS NOW DEPLOYED, IS BEING INTRODUCED IN EUROPE AT AN UNPRECEDENTED RATE TO REPLACE OLDER, LESS CAPABLE TANKS.

TRENDS IN US/USSR PRODUCTION OF GROUND FORCE EQUIPMENT

1966 - 1976



ESTIMATED U.S./U.S.S.R. PRODUCTION OF AIR-GROUND WARFARE EQUIPMENT

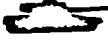
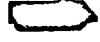
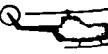
DURING THE PAST 10 YEARS, THE U.S. HAS PRODUCED FEWER OF MOST MAJOR ITEMS OF AIR-GROUND WARFARE EQUIPMENT THAN HAS THE SOVIET UNION.

-- OVER THE PAST DECADE THE SOVIETS HAVE CONSISTENTLY OUTPRODUCED THE U.S. IN TANKS, APC'S (ARMORED PERSONNEL CARRIERS), AND ARTILLERY. THE RECENT DECLINE IN SOVIET TANK PRODUCTION WAS PROBABLY DUE TO THE RETOOLING NECESSARY FOR PRODUCING THEIR NEW TANK, THE T-72.

-- SOVIET PRODUCTION OF TACTICAL AIRCRAFT AND HELICOPTERS NOW EXCEEDS U.S. LEVELS. MUCH OF THEIR CURRENT PRODUCTION IS COMPOSED OF REASONABLY SOPHISTICATED MODELS.

-- THE U.S. LEADS IN THE PRODUCTION OF ANTITANK MISSILES AND U.S. SYSTEMS ARE MORE SOPHISTICATED THAN THE OLDER GENERATION SOVIET SAGGERS AND SWATTERS.

ESTIMATED U.S./USSR RELATIVE PRODUCTION RATES (1972 - 1976)

USSR 1972-76 AVG	U.S. 1972-76 AVG	USSR/U.S. RATIO 1972-76
	2,770	469
	4,990	1,556
	1,310	162
	1,090	573
	666	733
 1/	27,000	27,351

1/ Ground launched antitank missiles

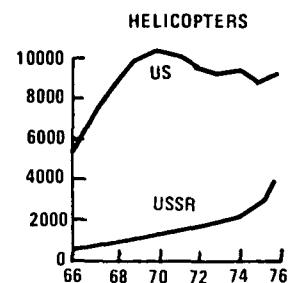
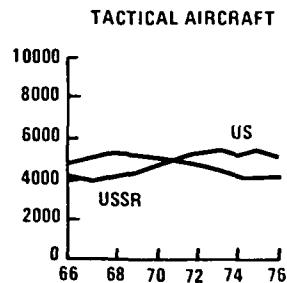
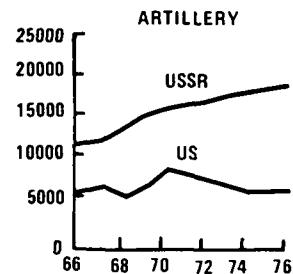
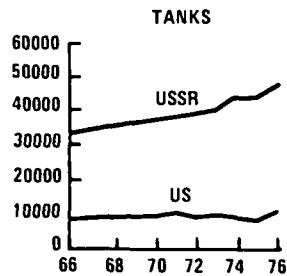
U.S./USSR RELATIVE PRODUCTION RATES

IN

GROUND AND TACAIR FORCE EQUIPMENT

OVER THE PAST FIVE YEARS, AVERAGE SOVIET PRODUCTION OF MAJOR ITEMS OF GROUND AND TACAIR WARFARE EQUIPMENT -- TANKS, ARMORED PERSONNEL CARRIERS, ARTILLERY PIECES, TACTICAL AIRCRAFT, HELICOPTERS, AND ANTI-TANK GUIDED MISSILES -- IS ESTIMATED TO HAVE EXCEEDED QUANTITATIVELY THAT OF THE U.S. -- EXCEPT WITH RESPECT TO HELICOPTERS -- BY THE MARGINS INDICATED.

**CHANGES IN QUANTITIES OF MILITARY EQUIPMENTS – U.S./U.S.S.R.
(1966-1976)**



GROUND AND TACTICAL AIR FORCES MILITARY EQUIPMENT – U.S./U.S.S.R.

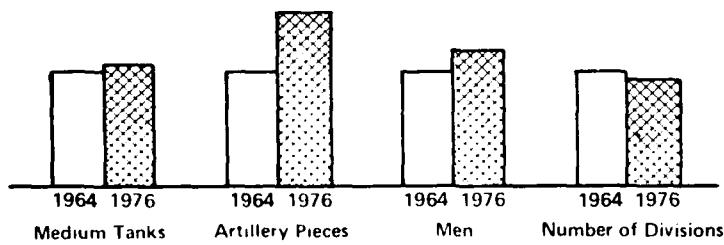
SOVIET TANK INVENTORIES EXCEED THOSE OF THE U.S. BY NEARLY 5 TO 1, DESPITE RECENT INCREASES IN U.S. TANK INVENTORIES.

THE SOVIETS HAVE MORE THAN 3 TIMES AS MUCH ARTILLERY.

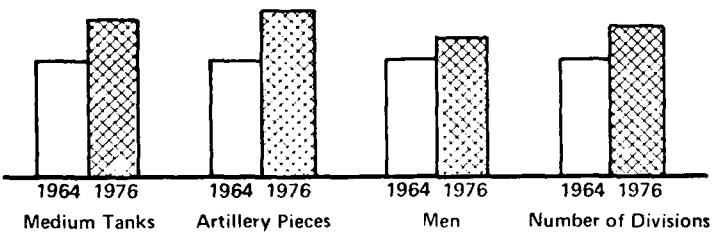
THE SOVIETS HAVE MODERN, CAPABLE TACTICAL AIRCRAFT IN GREATER NUMBERS THAN THE U.S., ALTHOUGH THE QUALITY OF NEW SOVIET AIRCRAFT IS LESS THAN THE NEWEST U.S. MODELS.

IN HELICOPTERS, THE U.S. MAINTAINS A SIGNIFICANT NUMERICAL LEAD, ALTHOUGH SOVIET INVENTORIES ARE GROWING RAPIDLY, AND THEIR MODERN HELICOPTERS ARE TECHNICALLY COMPETITIVE WITH CURRENT U.S. MODELS.

CHANGES IN THE SOVIET TANK DIVISION, 1976 COMPARED TO 1964



CHANGES IN THE SOVIET MOTORIZED RIFLE DIVISION, 1976 COMPARED TO 1964



Includes artillery and mortars 100 mm or larger, and multiple rocket launchers.

SOVIET GROUND FORCES ARE BEING MODERNIZED

THE SOVIETS HAVE DONE MUCH TO INCREASE THE COMBAT EFFECTIVENESS OF THEIR TANK AND MOTORIZED RIFLE DIVISIONS, PARTICULARLY THOSE ORIENTED TOWARD EUROPE. GROUND FORCES NOW HAVE MUCH GREATER COMBINED-ARMS POWER, SPEED AND AIR DEFENSE PROTECTION THAN THEY HAD A DECADE AGO.

-- A NEW MEDIUM TANK (THE T-72) IS NOW BEING DEPLOYED TO UNITS IN EUROPE IN SIGNIFICANT NUMBERS.

-- SOVIET ARTILLERY HAS BEEN IMPROVED WITH THE INTRODUCTION OF SELF-PROPELLED WEAPONS WITH ARMORED CREW PROTECTION.

-- THE COMBAT POWER AND SUPPORT CAPABILITIES OF SOVIET DIVISIONS HAVE BEEN ENHANCED THROUGH LARGER ORGANIZATIONS.

CENTRAL EUROPEAN BALANCE

QUANTITATIVE FACTORS

<u>NATO LEADS</u> (NUMBERS OF)	<u>FORCE CHARACTERISTIC</u>	<u>PACT LEADS</u> (NUMBERS OF)
	MANPOWER	— TROOPS
	GROUND FORCE WEAPONS	— DIVISIONS
— TACTICAL NUCLEAR WEAPONS		— TANKS
— MAJOR ANTI-TANK SYSTEMS		— RECON VEHICLES
— ARMORED PERSONNEL CARRIERS		— ARTILLERY AND MULTIPLE ROCKET LAUNCHERS
— HELICOPTERS		— AIR DEFENSE GUNS AND MISSILES
— TACTICAL NUCLEAR WEAPONS	AIR FORCE WEAPONS	— AIR DEFENSE AIRCRAFT
		— GROUND ATTACK AIRCRAFT
		— RECON AIRCRAFT

CENTRAL EUROPEAN BALANCE - NATO/WARSAW PACT

CENTRAL EUROPEAN FORCE POSTURES AND DEVELOPMENTS SUGGEST THAT, UNLESS COUNTER-BALANCED WITH NATO FORCE IMPROVEMENTS, INCREASING SOVIET FIREPOWER AND MOBILITY COULD BEGIN TO GIVE WARSAW PACT FORCES AN UNACCEPTABLE ADVANTAGE.

ASYMMETRIES OTHER THAN THOSE SHOWN ABOVE THAT INFLUENCE THE ASSESSMENT INCLUDE THE FOLLOWING:

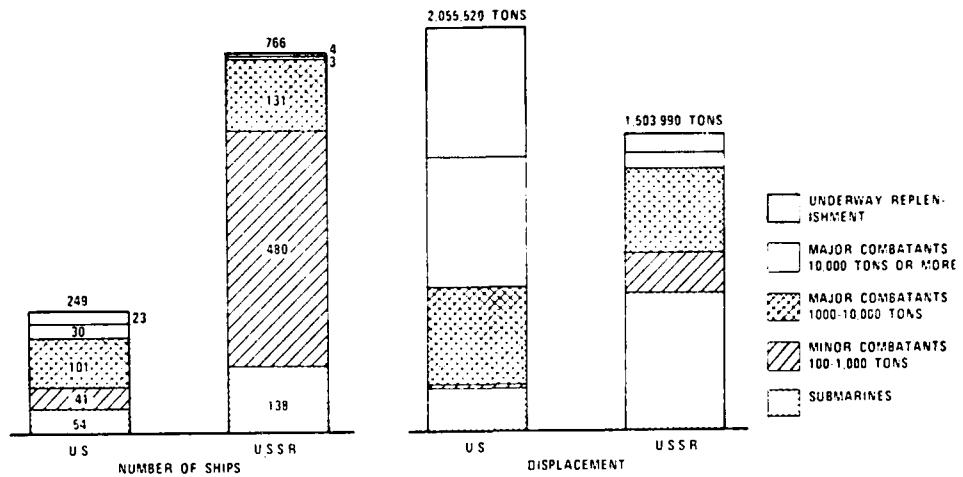
-- NATO ADVANTAGES:

- o A DEFENSIVE MISSION WITH ADVANTAGES OF INTERIOR LINES AND FAMILIAR TERRAIN.
- o SUPERIOR INDIVIDUAL AIRCRAFT CAPABILITIES, TACTICAL AIR PILOT SKILLS AND COMMAND AND CONTROL.

-- WARSAW PACT ADVANTAGES:

- o THE INITIATIVES IN CHOOSING THE TIME AND NATURE OF ATTACK.
- o HIGH STANDARDIZATION OF WEAPONS SYSTEMS.
- o MORE COHESIVE AND BETTER PROTECTED CHAIN OF COMMAND.
- o SOPHISTICATED AND EXTENSIVE CBR CAPABILITIES.
- o READILY AVAILABLE RESERVE FORCES, WELL INTEGRATED WITH THE ACTIVE FORCE.

US/USSR COMBATANT SHIP DELIVERIES ^{1/} 1966-1976



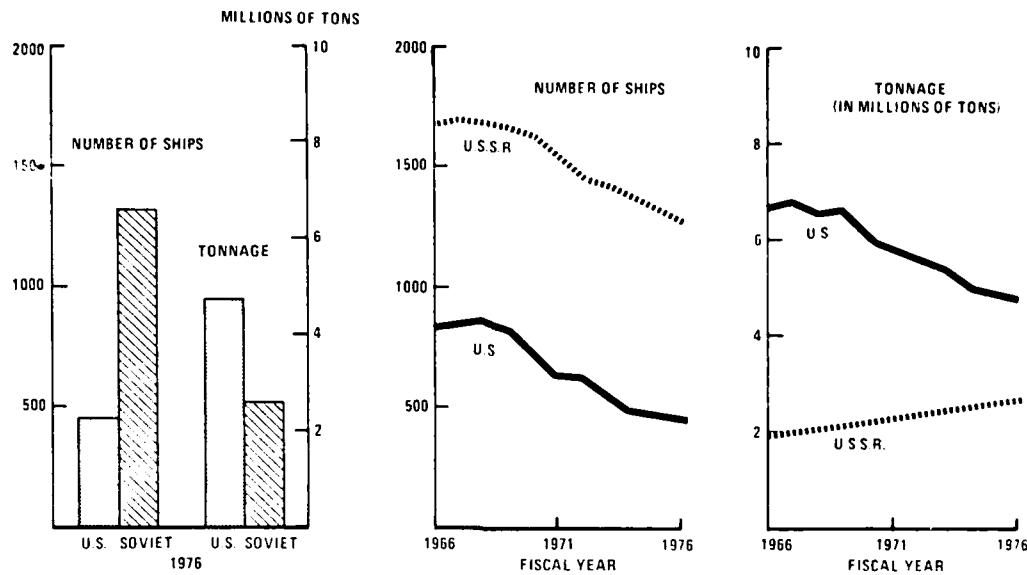
^{1/} SUPPORT SHIPS OTHER THAN THOSE CAPABLE OF UNDERWAY REPLENISHMENT ARE NOT INCLUDED

U.S./U.S.S.R. NAVAL COMBATANT DELIVERIES

SINCE 1966, THE SOVIETS HAVE ADDED MORE THAN THREE TIMES AS MANY SHIPS TO THEIR FLEET AS HAS THE U.S. THEY STILL EMPHASIZE SMALLER SHIPS FOR OPERATING ADJACENT TO THE EURASIAN LAND MASS, ALTHOUGH THE SIZE OF MAJOR SOVIET SURFACE COMBATANTS HAS GROWN STEADILY. THE U.S. HAS LONG EMPHASIZED LARGE COMBATANTS FOR OPERATIONS IN DISTANT OCEAN AREAS. THUS, THE U.S. HAS ADDED SMALLER NUMBERS OF SHIPS BUT MORE TONNAGE TO ITS FLEET.

THIS CHART COMPARES QUANTITATIVELY, BUT NOT QUALITATIVELY, THE U.S. AND U.S.S.R. SHIPBUILDING PROGRAMS -- SUBMARINES, MINOR COMBATANTS, MAJOR COMBATANTS (UNDER AND OVER 10,000 TONS) AND UNDERWAY REPLENISHMENT SHIPS.

CHARACTERISTICS AND CHANGES IN GENERAL PURPOSE* NAVAL FORCES - U.S./U.S.S.R.



*DOES NOT INCLUDE BALLISTIC MISSILE CARRYING SUBMARINES

CHARACTERISTICS AND CHANGES IN NAVAL FORCES - U.S./U.S.S.R.

A 1976 COMPARISON OF THE NUMBER OF SHIPS AND TOTAL TONNAGE OF THE TWO NAVIES SHOWS TWO ASYMMETRIES. FIRST, THE SOVIETS HAVE MORE SHIPS OF SMALLER TONNAGE. THIS IS CONSISTENT WITH THEIR TRADITIONAL VIEW THAT THE NAVY IS THE SEAWARD EXTENSION OF THE RED ARMY, AND THUS HAS BEEN LARGELY COASTAL IN ORIENTATION.

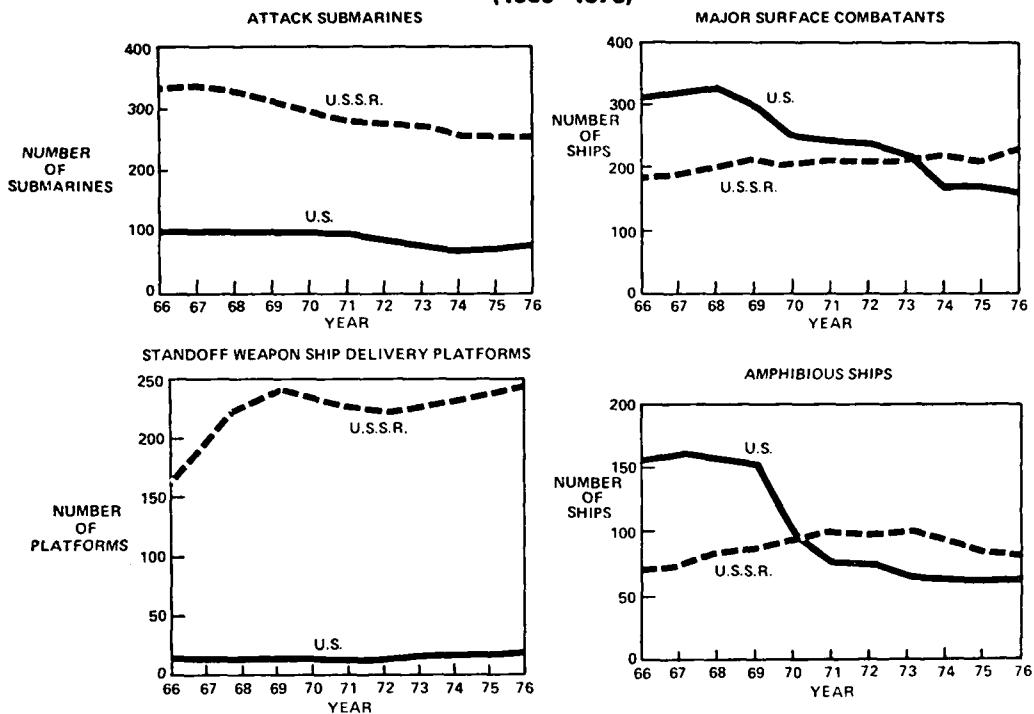
SECOND, THE U.S. LEADS IN DISPLACEMENT. WE HAVE HISTORICALLY BUILT SHIPS CAPABLE OF DEPLOYMENT IN DISTANT WATERS.

WHILE THE NUMBERS OF SHIPS IN BOTH NAVIES HAVE DECLINED THE MIX OF SHIPS IN THE SOVIET NAVY IS CHANGING TOWARD LARGER, MORE CAPABLE SHIPS, AS THEY BUILD AIR-CAPABLE SHIPS AND CRUISERS.

WHEN THE CONTRIBUTIONS OF PRINCIPAL ALLIES ON BOTH SIDES ARE INCLUDED, THE NUMBERS OF SHIPS TEND TO BE EQUIVALENT, WHILE THE TONNAGE ADVANTAGE FOR THE U.S. AND ITS ALLIES IS INCREASED.

CHANGES IN NAVAL FORCE LEVELS -- U.S. / U.S.S.R.

(1966 - 1976)



CHANGES IN NAVAL FORCE LEVELS - U.S./U.S.S.R.

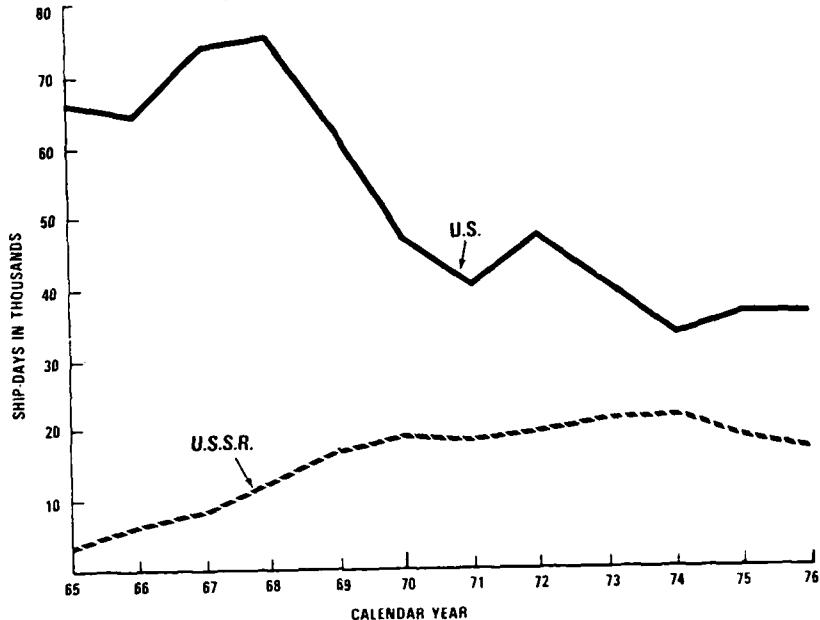
THE SOVIET FORCE HAS BECOME NUMERICALLY SMALLER WITH THE RETIREMENT OF LARGE NUMBERS OF DIESEL SUBMARINES. HOWEVER, THE SOVIETS RETAIN A 3-TO-1 ADVANTAGE IN ATTACK SUBMARINES.

THE SOVIETS HAVE 20% GREATER NUMBERS OF MAJOR SURFACE COMBATANTS -- AIRCRAFT CARRIERS, CRUISERS, DESTROYERS, AND FRIGATES. THE U.S. HAS AN UNQUESTIONED LEAD IN SEA-BASED AVIATION.

THERE IS A MARKED ASYMMETRY IN THE WAY THE TWO NAVIES HAVE DISPERSED THEIR OFFENSIVE, STANDOFF WEAPONS CAPABILITY. U.S. STANDOFF, OFFENSIVE STRENGTH LIES ALMOST ENTIRELY IN 13 AIRCRAFT CARRIERS, WHEREAS THE SOVIETS HAVE SOME 240 SHIPS WITH STANDOFF WEAPONS CAPABILITY.

THE SOVIETS HAVE BUILT A FORCE OF AMPHIBIOUS LIFT SHIPS WHICH NUMERICALLY EXCEEDS OURS. HOWEVER, U.S. ASSAULT CAPABILITY AND FLEXIBILITY EXCEEDS THEIRS.

U.S./U.S.S.R. COMBATANT SHIP-DAYS ON DISTANT DEPLOYMENT



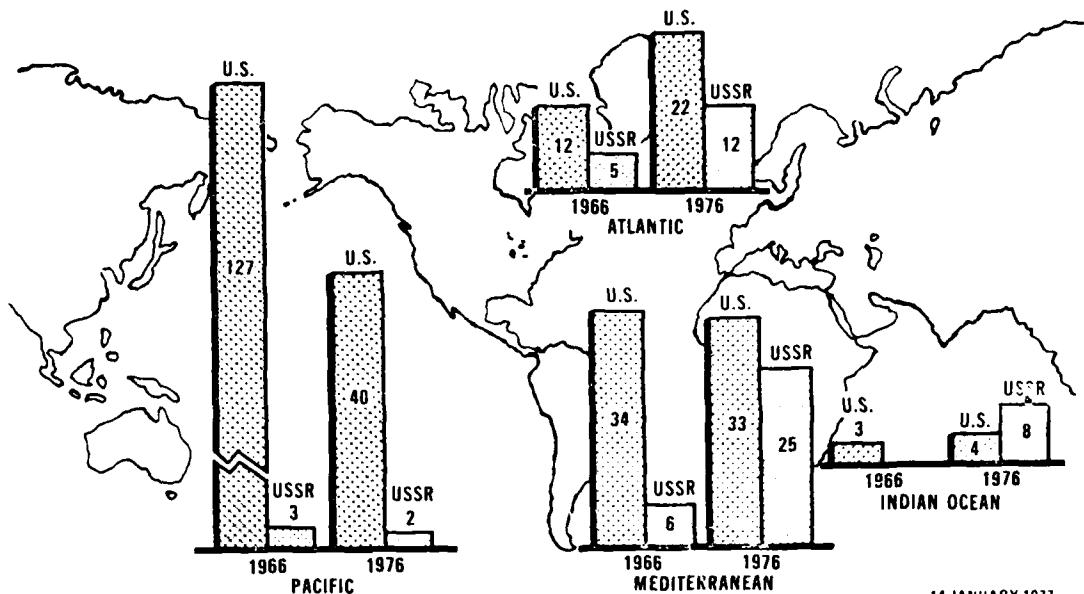
INCLUDES AIRCRAFT CARRIERS, MAJOR SURFACE COMBATANTS, GENERAL PURPOSE SUBMARINES, MINOR SURFACE COMBATANTS, AMPHIBIOUS SHIPS AND MINE WARFARE SHIPS

U.S./U.S.S.R. COMBATANT SHIP-DAYS ON DISTANT DEPLOYMENT

AS SIGNIFICANT AS THE GROWTH OF THE SOVIET NAVY IS THE WORLDWIDE DEPLOYMENT OF SOVIET SHIPS ON A ROUTINE BASIS, BEGINNING IN THE EARLY 1960'S.

RECENTLY, THE SOVIETS HAVE MAINTAINED A STEADY NAVAL PRESENCE AT A LEVEL ABOUT TWO-THIRDS THAT OF THE U.S.

US/USSR COMBATANT DEPLOYMENTS*
(AVERAGE CY 66 AND 76)



14 JANUARY 1977

* INCLUDES AIRCRAFT CARRIERS, GENERAL PURPOSE SUBMARINES, MAJOR SURFACE COMBATANTS, MINOR SURFACE COMBATANTS, AMPHIBIOUS SHIPS, AND MINE WARFARE SHIPS.

GEOGRAPHICAL DISTRIBUTION OF
U.S./U.S.S.R. COMBATANT DEPLOYMENTS

THE SOVIET UNION HAS ADOPTED A NAVAL DEPLOYMENT PATTERN QUITE DISSIMILAR TO THAT OF THE U.S.

THIS CHART SHOWS 1966 COMPARISONS TO THE LEFT AND 1976 COMPARISONS TO THE RIGHT, FOR EACH MAJOR OCEAN AREA. NAVAL CONTRIBUTIONS OF THE NATIONS ALLIED WITH THE U.S. AND THE U.S.S.R. ARE NOT INCLUDED IN THESE COMPARISONS.

CURRENT US/USSR MARITIME BALANCE

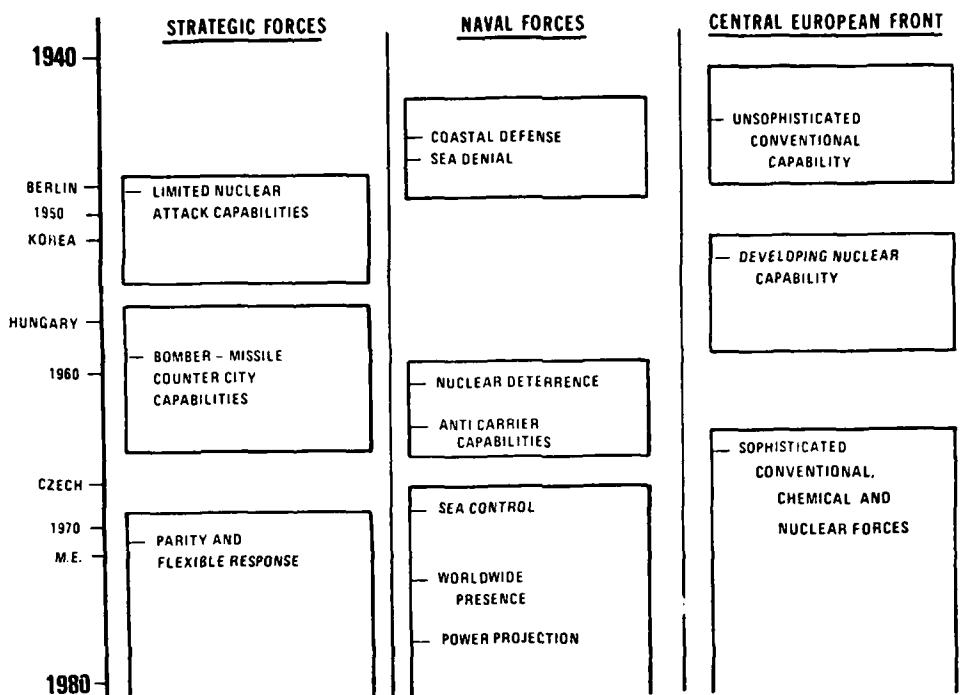
<u>U.S.</u>	<u>FACTOR</u>	<u>SOVIET UNION</u>
• OPEN ACCESS TO OCEANS	GEOGRAPHY	• CONSTRAINED ACCESS TO OCEANS
• LONG DISTANCES TO ALLIES		• SHORT DISTANCES TO ALLIES
• SEA CONTROL/POWER PROJECTION	MISSIONS	• SEA DENIAL/PERIPHERAL SEA CONTROL
• FEW LARGE SHIPS	OFFENSIVE CAPABILITY	• LAND BASED NAVAL AIR FORCE
• SEA BASED AVIATION		• MANY SMALLER SHIPS
• ATTACK SUBMARINES	DEFENSIVE CAPABILITY	• ANTI-SHIP MISSILE SYSTEM
• AMPHIBIOUS FORCES		• ATTACK SUBMARINES
• MARGINAL ANTI-AIR WARFARE CAPABILITY		• MARGINAL ANTI-AIR WARFARE CAPABILITY
• ANTI-SUBMARINE WARFARE	SUSTAINED OPERATIONS	• INADEQUATE ANTI-SUBMARINE WARFARE
• AIR COVER		INADEQUATE SEA-BASED AIR
• EXCELLENT UNDERWAY REPLENISHMENT	TECHNOLOGY	• LIMITED UNDERWAY REPLENISHMENT
• WORLD WIDE BASE STRUCTURE		• LIMITED OVERSEAS BASE SYSTEM
• MAJOR ADVANTAGE-OFFENSIVE AND DEFENSIVE TECHNOLOGY		• ANTI-SHIP MISSILES AND SURFACE OCEAN SURVEILLANCE
• EXTENSIVE EXERCISES	EXPERIENCE	• LIMITED AT-SEA TIME
• VOLUNTEER FORCE		• MANNING BY CONSCRIPTS
• WARTIME EXPERIENCE		

CURRENT US/USSR MARITIME BALANCE

THE U.S. NAVY HAS OPERATED SUCCESSFULLY AT SEA FOR MANY YEARS IN THE SEA CONTROL AND PROJECTION MISSIONS. SHIPBUILDING AND R&D PROGRAMS AS WELL AS EXERCISES HAVE LONG BEEN DIRECTED TOWARD OPERATIONS ON THE WORLD OCEANS. ON THE OTHER HAND, THE SOVIETS HAD NOT OPERATED EXTENSIVELY AT SEA BETWEEN THE TIME OF THE RUSSO-JAPANESE WAR OF 1905 AND THE OKEAN-1970 EXERCISE. SOVIET SHIPS AND SUBMARINES HAVE IMPROVED RAPIDLY IN CAPABILITY DURING THE PAST DECADE, BUT THE USSR IS STILL BEHIND OVERALL IN EMBODYING TECHNOLOGY IN NAVAL SYSTEMS.

OVERALL, THE U.S. NAVY CURRENTLY MAINTAINS A MARGIN OF SUPERIORITY WHICH PERMITS IT TO CARRY OUT ITS MISSIONS OF PROTECTING OUR SEA LINES OF COMMUNICATION TO OUR ALLIES, PROJECTING POWER ASHORE AT GREAT DISTANCES FROM THE U.S., AND MAINTAINING A CONSISTENT PRESENCE IN THE VITAL OCEAN AREAS OF THE WORLD. HOWEVER, THE SOVIET NAVY'S ABILITY TO CHALLENGE U.S. FORCES ON THE HIGH SEAS IS INCREASINGLY MORE CONVINCING, AND, AT THE SAME TIME, THE SOVIET NAVY HAS BUILT A FORCE CLEARLY CAPABLE OF SEA CONTROL AND POWER PROJECTION ASHORE IN OCEAN AREAS PERIPHERAL TO THE SOVIET UNION.

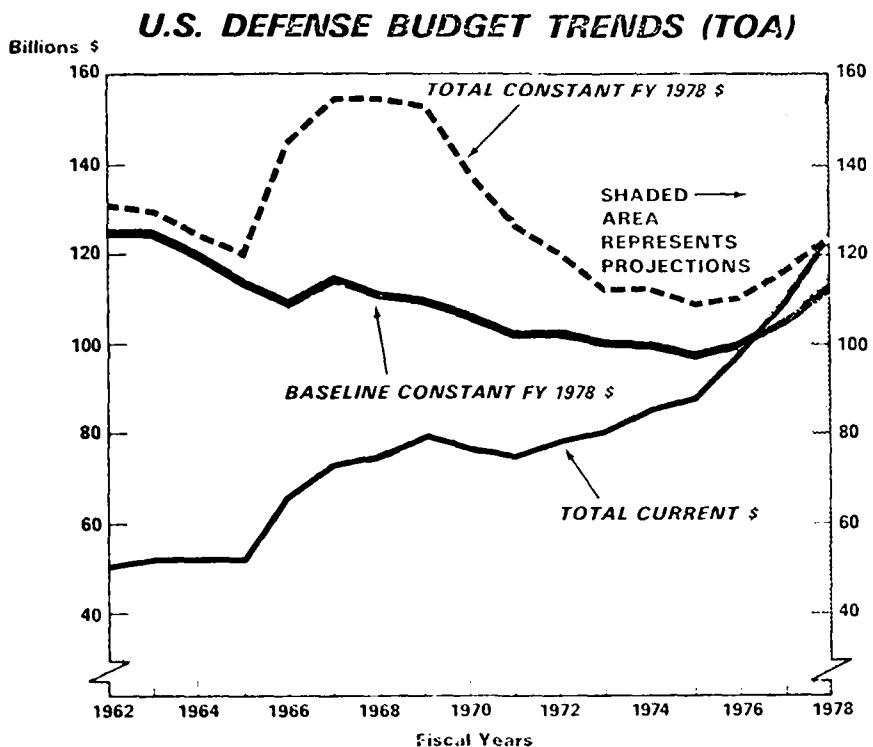
EVOLUTION OF SOVIET POWER



EVOLUTION OF SOVIET POWER

WHEN ONE CONSIDERS THE STRATEGIC NUCLEAR, NAVAL, AND CENTRAL EUROPEAN FRONT BALANCES TOGETHER, IT IS CLEAR THAT SIGNIFICANT CHANGES IN SOVIET CAPABILITIES HAVE OCCURRED IN THE PAST 15 YEARS. THE SOVIETS HAVE COME FROM THE UNSOPHISTICATED, CONTINENTALLY CONFINED, ARMED FORCES OF THE PAST WORLD WAR II DAYS TO CLEAR MILITARY SUPERPOWER STATUS IN THE 1970'S.

THERE IS GROWING MOMENTUM IN SOVIET MILITARY PROGRAMS AND IN THE EMERGING PATTERN OF THE PROJECTION OF SOVIET POWER.

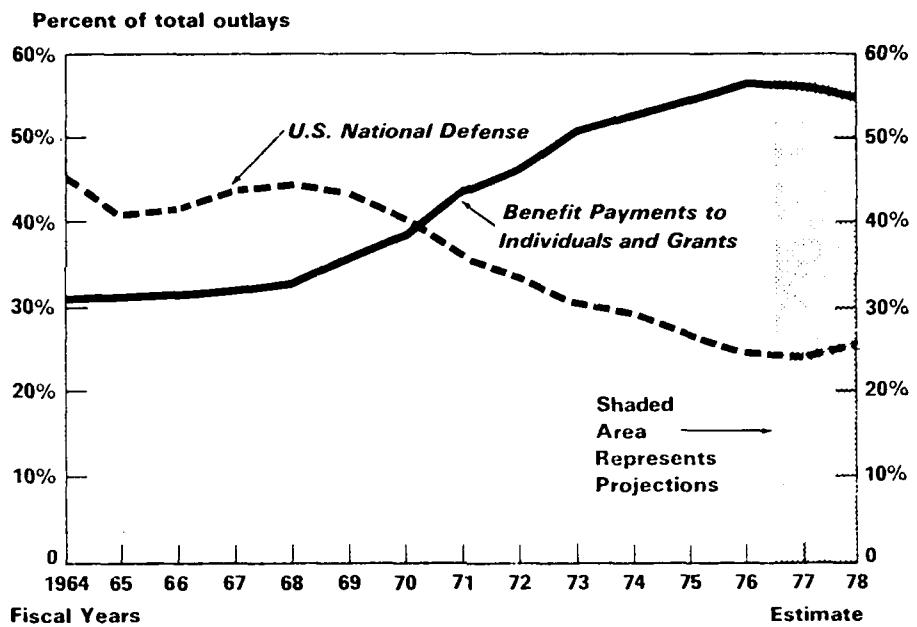


U.S. DEFENSE BUDGET TRENDS

THE U.S. DEFENSE BUDGET HAS DECREASED IN REAL TERMS (CORRECTED FOR INFLATION) BY 20% FROM THE 1968 WARTIME PEAK. TODAY, IN REAL TERMS (CORRECTED FOR INFLATION), IT IS \$7 BILLION BELOW THE LEVELS OF THE PREWAR, EARLY 1960'S.

TRENDS ARE SHOWN HERE IN TERMS OF TOTAL OBLIGATIONAL AUTHORITY (TOA). THE BROKEN LINE SHOWS TOTAL TOA (IN CONSTANT FY 1978 DOLLARS); THE THICK LINE LABELED "BASELINE" SHOWS THE TREND OF RESOURCES DEVOTED TO MILITARY CAPABILITY (EXCLUDING SEASIA WAR COSTS, RETIRED PAY, AND FOREIGN MILITARY SALES); AND THE LOWER CURVE SHOWS THE PROGRESSION OF DEFENSE BUDGETS AS THEY APPEARED IN CURRENT DOLLARS (NOT CORRECTED FOR INFLATION).

SHARES OF THE U.S. BUDGET



SHARES OF THE U.S. BUDGET

U.S. DEFENSE SPENDING TODAY HAS STABILIZED AT ABOUT 25% OF THE TOTAL FEDERAL BUDGET -- THE LOWEST SHARE SINCE FY 1940, SHORTLY BEFORE PEARL HARBOR -- HAVING DROPPED FROM 42% IN PREWAR 1904.

AS SHOWN, BENEFIT PAYMENTS TO INDIVIDUALS AND GRANTS HAVE INCREASED FROM A 30% SHARE OF THE FEDERAL BUDGET TO 55% DURING THE SAME PERIOD.

U.S. DEPARTMENT OF DEFENSE BUDGET
DEFENSE BUDGET TOTALS
 (\$ IN BILLIONS)

CURRENT DOLLARS	FY 1964	FY 1974	FY 1975	FY 1976	FY 1977	PRESIDENT'S BUDGET REQUEST	PROPOSED INCREASE FY 1977-78
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ESTIMATE		
Total Obligational Authority (TOA)	50.6	85.1	87.9	97.5	110.2	123.1	13.0
Budget Authority (BA)	50.7	88.9	91.5	102.2	106.6	120.5	13.8
Outlays	50.8	78.4	86.0	88.5	98.3	110.1	11.8
CONSTANT FY 1978 DOLLARS							
Total Obligational Authority (TOA)	124.7	113.0	106.6	110.8	116.9	123.1	6.3
Budget Authority (BA)	124.8	118.5	111.0	116.2	113.1	120.5	2.4
Outlays	123.2	107.0	105.0	101.0	104.6	110.1	5.5

U.S. DEFENSE BUDGET TOTALS

IT IS CLEAR TO THOSE WHO STUDY THE MILITARY BALANCE THAT, IF THE U.S. IS TO CONTRIBUTE TO PEACE AND STABILITY IN THE WORLD AND NOT SLIP INTO A POSITION OF INFERIORITY, THE ADVERSE BUDGET TRENDS OF THE PAST 10-15 YEARS MUST BE PROMPTLY ARRESTED.

THIS CHART SHOWS WHERE THE FY 1978 BUDGET -- WITH WHICH WE ARE ATTEMPTING TO CONTINUE CHECKING THESE ADVERSE TRENDS BY STOPPING THE DOWNTREND (IN REAL TERMS) IN U.S. DEFENSE SPENDING -- STANDS WITH RESPECT TO BUDGETS OVER PAST YEARS. THE TOP THREE LINES DISPLAY DATA, WITH PREWAR FY 1964 FOR REFERENCE, IN TERMS OF CURRENT OR "THEN YEAR" DOLLARS (NOT CORRECTED FOR INFLATION). THE BOTTOM SECTION OF THE CHART PRESENTS THE SAME DATA IN REAL TERMS ... CONSTANT FY 1978 DOLLARS (CORRECTED FOR INFLATION).

U.S. DEPARTMENT OF DEFENSE BUDGET
FINANCIAL SUMMARY

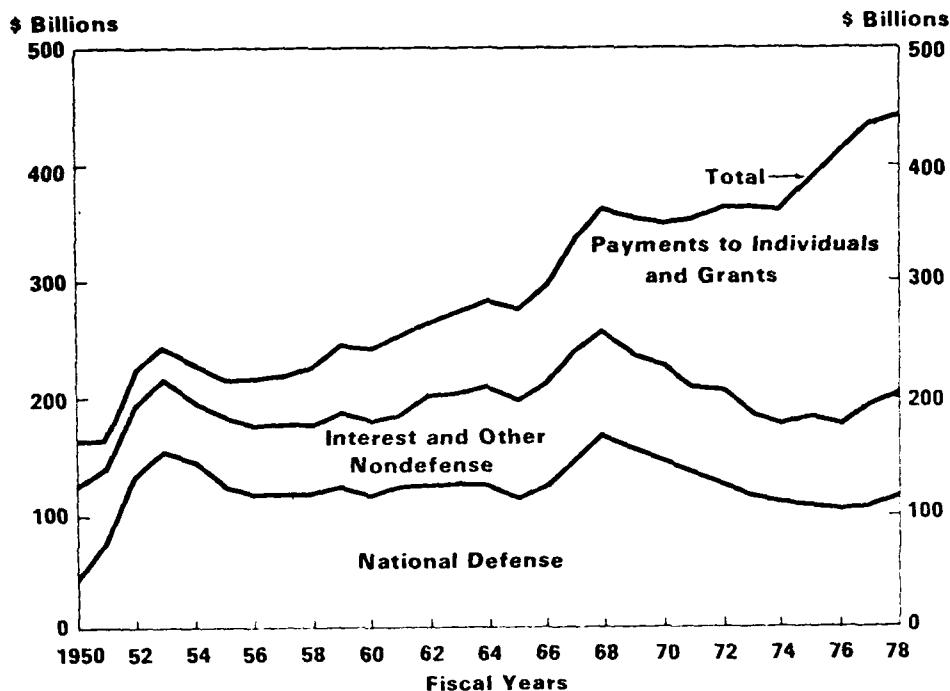
	<u>FY 1964 ACTUAL</u>	<u>FY 1974 ACTUAL</u>	<u>FY 1975 ACTUAL</u>	<u>FY 1976 ACTUAL</u>	<u>FY 1977 ESTIMATE</u>	<u>FY 1978 ESTIMATE</u>
DOD/MAP as Percentage:						
Federal Budget (Outlays)	42.9%	29.2%	26.5%	24.1%	23.9%	25.0%
Gross National Product	8.2%	5.8%	6.0%	5.5%	5.4%	5.4%
Labor Force	8.3%	5.3%	5.2%	5.0%	5.0%	5.1%
Net Public Spending	28.6%	18.1%	17.3%	15.9%	16.0%	16.5%

U.S. DEPARTMENT OF DEFENSE BUDGET
FINANCIAL SUMMARY

THE PRESIDENT PROPOSED THAT DOD OUTLAYS INCREASE BY \$5.5 BILLION FROM FY 1977 TO FY 1978 -- UP FROM \$104.6 BILLION TO \$110.1 BILLION IN REAL TERMS. HOWEVER, EVEN IF CONGRESS WERE TO APPROVE THE ENTIRE AMOUNT, THE PORTION OF THE NATION'S ECONOMIC RESOURCES ALLOCATED TO DEFENSE WOULD REMAIN HISTORICALLY LOW. IN FY 1977, IT WOULD BE THE LOWEST LEVEL IN OVER A QUARTER OF A CENTURY.

- o DEFENSE REPRESENTS 23.9% OF THE FEDERAL BUDGET, THE LOWEST LEVEL SINCE PRIOR TO THE KOREAN WAR.
- o DEFENSE AS A PERCENT OF GNP AT 5.4% IN FY 1977 REPRESENTS THE LOWEST SHARE SINCE PRIOR TO THE KOREAN WAR.
- o DEFENSE EMPLOYMENT (INCLUDING MILITARY, CIVILIAN AND DEFENSE INDUSTRY) REPRESENTS 5.0% OF THE LABOR FORCE, THE LOWEST LEVEL SINCE PRIOR TO PEARL HARBOR.
- o IN TERMS OF NET PUBLIC SPENDING (FEDERAL AND STATE AND LOCAL) DEFENSE REPRESENTS 16.0% OF THE TOTAL. FOR FY 1976 AND FY 1977, THE DEFENSE SHARES OF NET PUBLIC SPENDING ARE THE LOWEST RELATIVE SHARES SINCE PRIOR TO PEARL HARBOR.

U.S. FEDERAL OUTLAYS - CONSTANT 1978 DOLLARS



U.S. FEDERAL OUTLAY PATTERN

OUR NATION'S NON-DEFENSE SPENDING CAN NO LONGER BE FUNDED OUT OF THE DEFENSE BUDGET. TODAY, NON-DEFENSE EXPENDITURES ARE NEARLY THREE TIMES THOSE OF DEFENSE.

IN THE EXTREME:

- o A 10% INCREASE IN NON-DEFENSE SPENDING, TAKEN FROM THE DOD BUDGET, WOULD MEAN A CRIPPLING 30% CUT.
- o A 33% INCREASE IN NON-DEFENSE SPENDING, FUNDED FROM DEFENSE SPENDING WOULD WIFE CUT THE DEFENSE ESTABLISHMENT ALTOGETHER.

CONCLUSION

THE MILITARY CAPABILITIES OF THE TWO GLOBAL POWERS -- THE U.S. AND THE SOVIET UNION -- ARE TODAY ROUGHLY EQUIVALENT.

ADVERSE TRENDS OF THE 10-15 YEAR PERIOD WHICH ENDED IN 1976 APPEAR TO HAVE BEEN ARRESTED BY REAL GROWTH IN THE FY 1976 AND FY 1977 BUDGETS. TO ALLOW THEM TO CONTINUE WOULD HAVE AMOUNTED TO A CONSCIOUS DECISION BY THE PEOPLE OF THE UNITED STATES -- REPRESENTED BY THEIR REPRESENTATIVES AND SENATORS IN THE U.S. CONGRESS -- TO ALLOW THE UNITED STATES TO BECOME MILITARILY INFERIOR TO THE SOVIET UNION. STEADINESS OF PURPOSE AND A SUSTAINED EFFORT OVER A PERIOD OF YEARS WILL BE REQUIRED TO COUNTERBALANCE THE SOVIET MILITARY EXPANSION WE OBSERVE.

IF THE UNITED STATES WERE TO MAKE A DECISION WHICH ALLOWED THE U.S. TO SLIP TO A POSITION OF MILITARY INFERIORITY, WE WOULD SOON BE LIVING IN AN UNSTABLE WORLD -- A WORLD FUNDAMENTALLY DIFFERENT AND MORE DANGEROUS THAN THE ONE WE HAVE KNOWN DURING OUR LIFETIMES.

IT COULD BE A DECISION AS DANGEROUS AS THE DECISION BY THE DEMOCRACIES PRIOR TO WORLD WAR II NOT TO ARM AND PREPARE AS HITLER WAS MOBILIZING. IT WOULD BE WORSE, BECAUSE WE ARE THE NATION THAT TURNED THE TIDE AND PREVENTED A VICTORY BY FASCISM, AND TODAY THERE IS NO NATION TO DO THAT FOR US.

IT IS FOR US TO DO -- WE MUST DO IT. I BELIEVE WE SHALL.

